STATE OF ALABAMA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30,

1989

Cover: Alabama's State Capitol, built in 1850-51, is one of only a few state capitols to be designated a National Historic Landmark. The building is currently undergoing renovations which will restore it to the original beauty of the period in which it was built.

Photograph provided by the Alabama Bureau of Tourism and Travel.

Prepared by: The Department of Finance
Division of Control and Accounts

Comments concerning this report should be addressed to:
State of Alabama
Department of Finance
Division of Control and Accounts
Alabama State House
Montgomery, AL 36130-4401

STATE OF ALABAMA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 1989

Guy Hunt
Governor

G. Robin Swift, Jr.
Director of Finance

Robert L. Childree
State Comptroller

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March 31, 1990

To the Honorable Guy Hunt, Governor
Members of the State Legislature, and
the Citizens of Alabama:

I submit to you the Annual Financial Report for the State of Alabama for the year ended September 30, 1989. The 1989 Annual Financial Report is different in format of presentation from previous years. This report represents the beginning of a multi-year effort to convert to financial statements prepared according to generally accepted accounting principles. This report enables statement readers to gain a reasonable understanding of the State's operations as measured by the financial activity of its various funds. This report presents a balance sheet for the State of Alabama for the first time in its history.

Alabama's Annual Financial Report is divided into two sections - Introductory and Financial. The Introductory Section consists of this letter of transmittal, a discussion of major accomplishments begun this fiscal year, and financial highlights. The Financial Section includes the general purpose financial statements (combined statements and notes), combining financial statements, and schedules.

I believe the information as presented is accurate in all material respects and complies with Article IV Section 72 of the 1901 State of Alabama Constitution and Section 41-4-3(4) of the 1975 Code of Alabama. The completeness and fairness of the presentation, including all disclosures, rests with the State.

I express my appreciation to the Governor, the Legislature, and the State's department heads and employees for their contribution to the sound financial condition of the State of Alabama. Without their contributions the initiatives could not have been successful. I would especially like to thank the staff of the Comptroller's Office for their dedication and commitment to our state government.

Respectfully submitted,

Robert L Childree

Robert L. Childree
State Comptroller

STATE OF ALABAMA -- 1989 INITIATIVES

AMIP Update

The State's departments and agencies continue to support Governor Hunt's commitment to maintaining and improving the effectiveness of the delivery of state services. The Alabama Management Improvement Program (AMIP), begun in 1987, included over 900 recommendations for improving the operation of state government. To date, 68 percent of these recommendations have been fully implemented and are benefitting the state. The State Comptroller's Office, in response to several AMIP recommendations, continues its major effort to upgrade the state's central accounting system.

Conversion to Generally Accepted Accounting Principles

In 1989, the State Finance Department initiated a major project to convert the state's financial reporting to comply with generally accepted accounting principles (GAAP). A conversion plan has been developed and initial steps toward this goal have been taken. The conversion plan begins with the installation of the Financial Resource Management System (FRMS) as the state's budgetary-basis accounting system. This state-level, double-entry system will process records for all state departments and agencies.

State agencies provided balance sheet amounts as of September 30, 1989 to establish a complete general ledger. The Comptroller's Office reviewed that data in conjunction with the audited financial statements of these agencies for prior periods. These efforts permitted the first reporting of the State's balance sheet. Because the state has always reported on a cash basis and without a central general ledger system, there are omissions in these financial statements. Corrections are being made, but not all issues have been addressed at this time.

Implementation of a Flexible Employee Benefits Plan

The State implemented a voluntary Flexible Employee Benefits Plan for employees. Over 82 percent of the state's eligible employees elected to participate in the program. The Plan participants have benefitted from tax savings (both federal income and social security), and the state has benefitted from the reduced state match on social security taxes.

ACCOUNTING AND REPORTING POLICIES

Statutory Accounting and Reporting Requirements

State law does not explicitly define the basis of accounting for state government. However, for budgetary purposes, cash basis accounting is used to meet the requirements of the Constitution, which prohibits the issuance of warrants by the State Comptroller unless sufficient funds are appropriated and on hand in the state treasury. Under the cash basis, revenues and expenditures are recorded at the time cash is actually received or disbursed in accordance with the Appropriation Acts.

Traditionally, the cash basis of accounting has also been used for financial reporting. This provides a correspondence between the budget and the financial reports, but it does not report the state's financial position according to GAAP. This report is an initial step in a multi-year conversion process to enable the state to report on a GAAP basis.

GAAP Financial Reporting Policies

The State's financial statements are prepared for the following fund types. The Alabama Special Education Trust Fund, formerly reported as a separate fund type, is now reported within the Special Revenue Funds.

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Trust and Agency Funds

For this transition year (one of a multi-year conversion to GAAP reporting), the financial statements have been adjusted where practicable to establish beginning balance sheet balances, a General Fixed Assets Account Group, and a General Long-Term Debt Account Group.

Reporting Entity

The 1989 Annual Financial Report includes the financial activities of various departments, agencies, and other organizational units governed by the State Legislature and/or the constitutional officers of the State of Alabama. The criteria used to determine which entities to include in this financial report were:

- Financial interdependency,
- Selection of governing authority,
- Appointment of management,
- Ability of the Legislative, Executive, or Judicial branches to influence operations significantly,
- Accountability for fiscal operations.

Based on these criteria, all agencies under the purview of the State Treasury and subject to direct control and scrutiny of the Finance Department and/or the State Comptroller are included. Significant agencies excluded from this report are state-funded colleges and universities (4-year institutions).

Financial Controls

The internal controls in the State's accounting system have been designed to comply with Alabama statutes requiring the audit of receipts and receivables; the determination of legality and correctness of each claim and expenditure; and that funds are appropriated, allotted, and on deposit in the State Treasury before any warrant is issued. The internal controls include manual pre-audit and automated system edits. These internal accounting controls provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss or unauthorized disposition and the reliability of the financial records from which the financial reports are prepared. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

Budgetary control is exercised through the Executive Budget Office of the State Finance Department based on the Appropriation Acts of the State Legislature. Alabama's annual Appropriation Acts include legally adopted budgets for the Budgetary General Fund, the Alabama Special Education Trust Fund, and Other Budgeted Funds.

The Appropriation Acts identify the source of funding and the programmatic (functional) areas for which expenditures are authorized. Both the Alabama Constitution and the statutes require a balanced budget for annual financial operations. In the event that revenue collections do not meet budget projections, the Governor is required to prorate appropriations and restrict allotments to prevent an overdraft or deficit in any fiscal year for which appropriations are made. Allotments of appropriations are made quarterly based on plans of operations submitted by the departments and agencies. These appropriations and allotments are enforced by automated edits which prevent allotments in excess of appropriations, and prevent expenditures in excess of allotments. Encumbrance accounting is utilized as purchase orders are issued to insure that purchase orders plus expenditures do not exceed allotment balances. This is modified at fiscal year end to include, in addition to purchase orders, any obligations incurred against fiscal year appropriations.

The state exercises tight control over cash balances. By statute, the state cannot draw warrants on the treasury unless there is money on hand to cover those warrants. Cash is further restricted by controls which prevent obligations (encumbrances and accounts payable) from exceeding the budgetary cash balance (cash less warrants payable). The budgetary cash balances available for disbursement at year-end for the Budgetary General Fund for the last five years are shown below. In the Budgetary General Fund, the available cash balance as of September 30, 1989 was $18.7 million. Over the past five years financial controls have ensured that cash was available to meet year-end obligations.

SCHEDULE OF CASH BALANCES - *BUDGETARY BASIS*
Budgetary General Fund
(Amounts in Thousands)

	1989	1988	1987	1986	1985
Beginning Cash Balance, October 1	$ 50,828	$ 48,206	$ 24,001	$ 71,713	$ 30,628
Revenues and Other Sources	711,957	664,757	600,155	580,477	606,775
Expenditures and Other Uses	723,884	662,135	575,950	628,189	565,690
Net Change in Cash Balance	**(11,927)**	**2,622**	**24,205**	**(47,712)**	**41,085**
Ending Cash Balance, September 30	38,901	50,828	48,206	24,001	71,713
Cash Balance Reserved for Obligations	20,207	18,161	18,313	15,535	14,115
Available Cash Balance, September 30	**$ 18,694**	**$ 32,667**	**$ 29,893**	**$ 8,466**	**$ 57,598**

The year-end cash balances for the Alabama Special Education Trust Fund for the last five years are shown below. A unique Alabama statute requires that any unencumbered cash balance at the end of the fiscal year be transferred to an ASETF Surplus Account. Therefore, the cash balance available for the ASETF at the end of each fiscal year is zero. Historically, the Legislature has included the ASETF Surplus Account balance with estimated revenues for the subsequent fiscal year ASETF budget. As of September 30, 1989, the transfer to the ASETF Surplus Account was $34.3 million. Over the past five years, in compliance with State law, budgetary controls have assured that cash was available to meet year-end obligations.

SCHEDULE OF CASH BALANCES - *BUDGETARY BASIS*
Special Education Trust Fund
(Amounts in Thousands)

	1989	1988	1987	1986	1985
Beginning Cash Balance, Oct 1	$ 25,629	$ 24,302	$ 165,229	$ 14,686	$ 6,123
Revenues and Other Sources	2,515,711	2,247,281	2,091,324	2,140,227	2,079,522
Expenditures and Other Uses	2,489,092	2,102,121	2,192,659	1,989,684	1,820,588
Net Change in Cash Balance	**26,619**	**145,160**	**(101,335)**	**150,543**	**258,934**
Ending Cash Balance, Sept 30	52,248	169,462	63,894	165,229	265,057
Reserved for Obligations	17,994	25,629	24,302	165,229	14,686
Unobligated Cash Balance	**34,254**	**143,833**	**39,592**	**0**	**250,371**
Transfer to ASETF Surplus Acct	34,254	143,833	39,592	0	250,371
Available Cash Balance, Sept 30	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**

Cash Management

The State Treasurer has the responsibility for the investment of idle cash. Due to statutory requirements, treasury cash is invested in time deposit - open accounts, or in repurchase agreements. Legislative approval was given this year for the State Treasurer to invest in time deposits maturing in 91 days, 6 months, or one year, with the interest rate being based on U. S. Treasury bill auction rates for comparable periods. Additionally, the State Treasurer continues to operate the Link Deposit Program. In this program, the State Treasurer agrees to accept three percentage points below U.S. Treasury rates for comparable securities, and the resulting savings are passed on to small business and agricultural loan applicants. If banks become unwilling to accept time deposits, the State Treasurer may then invest in other financial instruments, such as U. S. Treasury obligations, or securities issued by federal agencies.

In cooperation with other departments of the state, the receiving of funds into the treasury is expedited, with all available funds being invested. At the close of the year, 99.6 percent of all funds were in interest-bearing accounts, with the difference consisting of uncollected funds and small compensating balances. Interest earnings during the 1988-89 fiscal year were as follows:

Time Deposit - Open Accounts- Regular	$36.4 million
Time Deposit - Open Accounts- Linked Deposits	$ 1.8 million
Repurchase Agreements	$11.7 million

Additionally, the State earned $6.5 million in interest on the investment of the Alabama Public School and College Authority Series 1986 Bonds. Interest income is deposited in the state's Budgetary General Fund to be appropriated by the Legislature for governmental operations. In addition to managing the investment of these funds, the State Treasurer has statutory authority to invest for several state agencies, with interest earnings being credited to those agencies.

Debt Administration

Alabama has traditionally received high bond ratings from both Standard and Poor's Corporation and Moody's Investors Service due in large part to a commitment to sound fiscal management. Both the Alabama Constitution and the statutes require a balanced budget for annual financial operations. Additionally, if revenue collections do not meet budget projections, the Governor is required to prorate appropriations and restrict allotments to prevent deficit spending in any fiscal year.

The State finances many of its major capital needs by issuing bonds. Some of this debt is general obligation debt backed by the full faith and credit of the State. Much of the debt is limited obligation debt that is the obligation of public corporations and authorities of the State. Specific revenues of each such issuer are pledged to meet the debt service requirements of these limited obligation bonds.

During the fiscal year the State issued $2.5 million in general obligation bonds and retired $34.8 million. As of September 30, 1989, total general obligation debt outstanding was $586.9 million, including $105 million in general obligation bonds that were advance refunded. On a per capita basis, the State's general obligation bond debt is $142.

Fiduciary Operations

The largest of the state's fiduciary funds are its three retirement systems: Teachers' Retirement System of Alabama (TRS), Employees' Retirement System of Alabama (ERS), and Judicial Retirement Fund (JRF). Contributions were made in accordance with actuarially determined contribution requirements. Key actuarial amounts for these funds as of the latest valuation date were:

STATE RETIREMENT SYSTEMS
(Amounts in Thousands)

	TRS	ERS	JRF
Date of Latest Actuarial Valuation	6/30/88	9/30/88	9/30/88
Pension Benefit Obligation	$4,601,237	$2,147,726	$83,651
Net assets available for benefits, at cost or book value	4,716,083	2,195,890	69,275
Assets in Excess of (Unfunded) Pension Benefit Obligation	$ 114,846	$ 48,164	$(14,376)
Percentage Funded	102.5%	102.2%	82.8%

FINANCIAL HIGHLIGHTS

The Alabama Heritage and Alabama Trust Funds

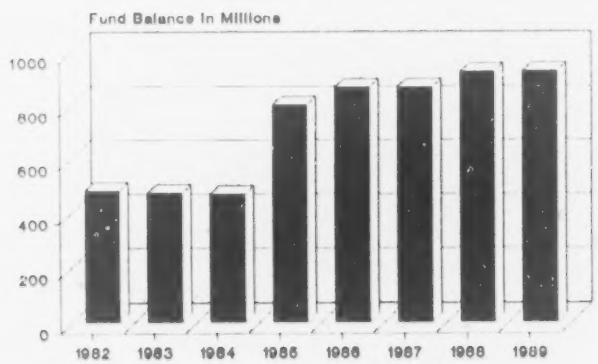
The Alabama Heritage Trust Fund was created by constitutional amendment as a trust fund for the continuing benefit of the state and its citizens. The proceeds of all sales or lease payments received by the State from January 1, 1981 to October 31, 1981 for the rights to explore and drill for oil and gas in any offshore area created the corpus for the trust fund. As of September 30, 1989 the fund balance was $467,260,000.

The Alabama Trust Fund, an irrevocable, permanent trust fund was also created. All payments received after August 1, 1984 for the sale or lease of the rights to explore and drill for oil and gas in offshore areas off the coast of Alabama established the trust capital. The fund balance as of September 30, 1989 was $460,039,000.

Within 90 days after September 1, 2001, the trust capital of the Alabama Heritage Trust Fund will be transferred to the Alabama Trust Fund and all aspects of the Heritage Trust Fund will terminate. Combined as the Alabama Trust Fund, the trust capital will be held in perpetual trust and interest income will be transferred to the Budgetary General Fund.

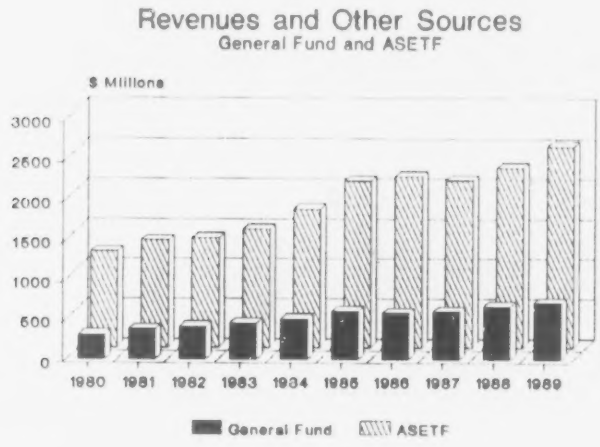
The investment earnings of both the Heritage Trust Fund and the Alabama Trust Fund are constitutionally mandated to be transferred to the Budgetary General Fund, where a large portion is generally used to meet debt service payments. Since the two trusts were established, the capital has grown significantly, reflecting the increase in offshore drilling activity in the 1980's. The two trusts have a combined fund balance of over $927 million, and should remain a major stable funding source for the General Fund.

ALABAMA HERITAGE TRUST FUND
AND ALABAMA TRUST FUND



Major Operating Funds

Alabama maintains a Budgetary General Fund for general government functions and a major special revenue fund, the Alabama Special Education Trust Fund (ASETF), for educational purposes. Both funds are extremely significant in determining the overall financial condition of the State of Alabama. For this reason, the summarized financial activities of the Budgetary General Fund and the Alabama Special Education Trust Fund are presented in this introductory section in addition to the information provided in the financial section.

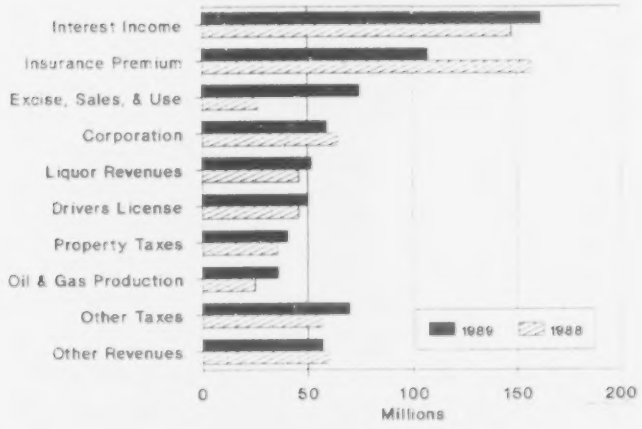


The state's revenues are derived from various sources as presented on the following pages. Most Alabama revenues are earmarked (designated for specific uses) by the Legislature. Therefore, funding patterns differ between the Budgetary General Fund and the Alabama Special Education Trust Fund.

Budgetary General Fund Revenues

Total revenues and other financing sources for the Budgetary General Fund were $712 million in 1989, an increase of $47.2 million over 1988. Most of this increase was due to increases in Excise, Sales and Use taxes. The tax on insurance premiums, a significant revenue source for the Budgetary General Fund, was $49.4 million less in 1989 as compared to 1988. This was due to a one-time acceleration of insurance premium tax collection in 1988 in accordance with Act 87-333. The primary revenue sources for the Budgetary General fund continue to be the insurance premium tax and interest earnings, accounting for over one-third of total revenues and other sources. Included in the interest earnings are $106.2 million transferred from the Heritage and Alabama Trust Funds. The remaining $56.4 million was earned on other state investments.

REVENUES AND OTHER SOURCES - *BUDGETARY BASIS*
Budgetary General Fund



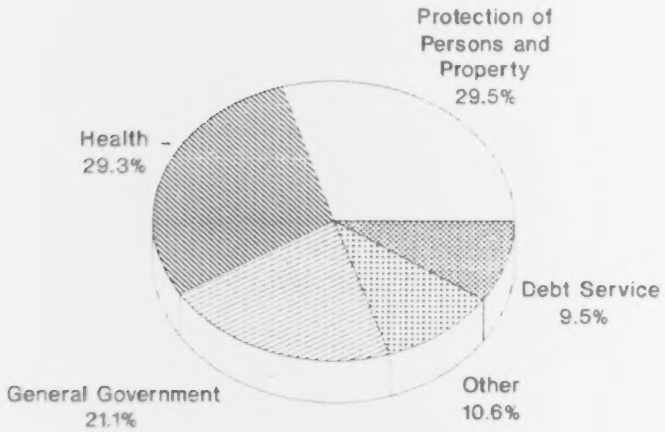
Source	1989 Amount (in 000's)	1989 % of Total	1988 Amount (in 000's)	1988 % of Total	Increase (Decrease) from 1988
Interest Income	$162,584	22.8	$147,852	22.2	$ 14,732
Insurance Premium Tax	107,926	15.2	157,348	23.7	(49,422)
Excise, Sales & Use Taxes	74,989	10.5	26,173	4.0	48,816
Corporation Taxes	59,438	8.3	64,392	9.7	(4,954)
Liquor Taxes, Licenses, & Profits	52,115	7.3	45,698	6.9	6,417
Drivers & Motor Vehicle Licenses	50,247	7.1	45,815	6.9	4,432
Property Taxes	40,623	5.7	35,430	5.3	5,193
Oil & Gas Production Taxes	36,068	5.1	24,875	3.7	11,193
Other Taxes	70,457	9.9	57,463	8.6	12,994
Other Revenues	57,510	8.1	59,711	9.0	(2,201)
Total Revenues and Other Sources	**$711,957**	**100.0**	**$664,757**	**100.0**	**$ 47,200**

NOTE: The 1988 total revenues and other sources are $4,469 less than reported in last year's annual report. This reduction reflects a financial reporting adjustment for the elimination of intrafund reversions.

Budgetary General Fund Expenditures

Expenditures from the Budgetary General Fund totalled $723.9 million in 1989. Budgetary General Fund expenditures are used primarily to support three functional areas of government: Protection of Persons and Property (29.5%), Physical and Mental Health (29.3%) and General Government (21.1%). The largest decrease in expenditures, $9.7 million, was for debt service.

EXPENDITURES AND OTHER USES BY FUNCTION
Budgetary General Fund



Function	1989 Amount (in 000's)	1989 % of Total	1988 Amount (in 000's)	1988 % of Total	Increase (Decrease) from 1988
Economic Development	$ 21,900	3.0	$ 18,846	2.9	$ 3,054
Educational & Cultural	7,705	1.1	4,578	0.7	3,127
Natural Resources & Recreation	4,271	0.6	3,439	0.5	832
Health - Physical & Mental	211,965	29.3	188,483	28.5	23,482
Social Services	31,980	4.4	20,164	3.0	11,816
Protection of Persons & Property	214,121	29.5	194,521	29.4	19,600
Transportation	0	0.0	312	0.0	(312)
General Government	152,963	21.1	145,604	22.0	7,359
Capital Projects	63	0.0	0	0.0	63
Debt Service	68,476	9.5	78,175	11.8	(9,699)
Transfers to Proprietary Funds	4,853	0.7	5,946	0.9	(1,093)
Non-Programmatic Expenditures	5,587	0.8	2,067	0.3	3,520
Total Expenditures & Other Uses	**$ 723,884**	**100.0**	**$ 662,135**	**100.0**	**$ 61,749**

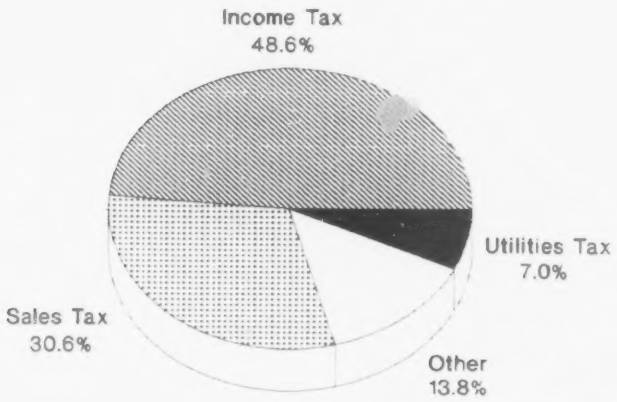
Note: The 1988 total expenditures and other uses are $4,469 less than reported in last year's annual report. This reduction reflects a financial reporting adjustment for the elimination of intrafund reversions.

Alabama Special Education Trust Fund

Total revenues and other financing sources for the Alabama Special Education Trust Fund was $2.5 billion, an increase of $268 million over 1988. The primary growth in the ASETF, as well as the chief source of revenue, was income taxes. A second major revenue source continues to be the general sales tax, providing over 30 percent of revenues and other sources for the ASETF.

Expenditures and other uses of the ASETF were in excess of $2.5 billion in 1989, an increase of $422.2 million over 1988. Expenditures from the ASETF were primarily for educational and cultural purposes, 94.6 percent. The remaining expenditures were used for education-related programs, such as veteran's education benefits and rehabilitation and crippled children's services.

REVENUES AND OTHER SOURCES
Alabama Special Education Trust Fund



Source	1989 Amount (in 000's)	1989 % of Total	1988 Amount (in 000's)	1988 % of Total	Increase (Decrease) from 1988
Income Tax	$ 1,221,810	48.6	$ 1,057,559	47.1	$ 164,251
General Sales Tax	769,343	30.6	742,624	33.0	26,719
Utilities Tax	175,811	7.0	167,750	7.5	8,061
General Use Tax	96,615	3.8	94,792	4.2	1,823
Transfer from ASETF Surplus Account	143,833	5.7	39,592	1.8	104,241
Other Taxes	88,586	3.5	127,841	5.7	(39,255)
Other Revenues	19,713	0.8	17,123	0.7	2,590
Total Revenues & Other Sources	**$ 2,515,711**	**100.0**	**$ 2,247,281**	**100.0**	**$ 268,430**

Note: The 1988 total revenues and other sources are $15,161 less than reported in last year's annual report. This reduction reflects a financial reporting adjustment for the elimination of intrafund reversions.

ECONOMIC CONDITIONS AND OUTLOOK

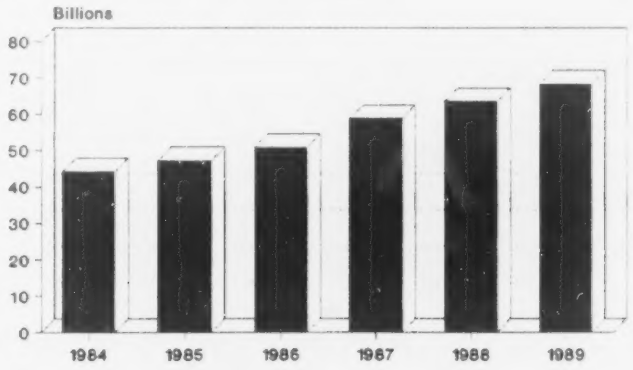
Alabama's economy experienced a major trend toward industrialization during the 1960's and 1970's. By 1980, manufacturing accounted for 29 percent of Alabama's real gross state product. Since the early 1980's, modernization of existing facilities and an increase in direct foreign investments in the State have made the manufacturing sector more competitive in domestic and international markets. As of December 31, 1988, for the second consecutive year more than two billion dollars was expended in Alabama for new and expanded industries. In 1988-89, more jobs were created and more new industries were announced in the state than in the past fifteen years.

In recent years, the importance of service industries to the state's economy has increased significantly. The major service industries in the state are the general health care industries, most notably the University of Alabama medical complex in Birmingham, and the high technology research and development industries concentrated in the Huntsville area.

The gross state product has shown significant annual growth in recent years. There has also been a significant decrease in unemployment for the period 1985 through 1988 due to the economic recovery from the recession of the early 1980's. The present movement toward diversification of the state's manufacturing base, and a similar trend toward enlargement and diversification of the service sector are expected to lead to increased economic stability.

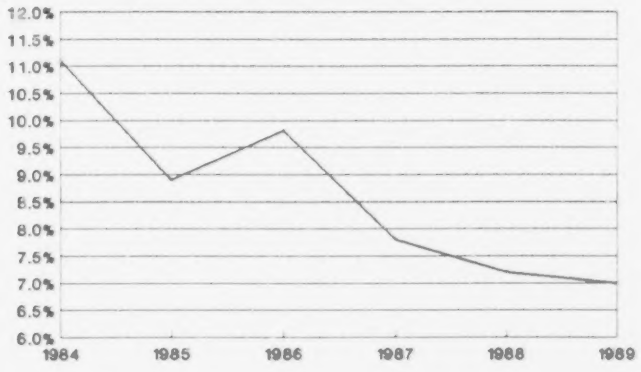
Year	Gross State Product ($ Millions)
1984	44,268
1985	47,345
1986	50,815
1987	58,856
1988	63,564
1989	68,335

GROSS STATE PRODUCT



Year	Unemployment Rate (%)
1984	11.1
1985	8.9
1986	9.8
1987	7.8
1988	7.2
1989	7.0

UNEMPLOYMENT RATE



PRINCIPAL STATE OFFICIALS

EXECUTIVE BRANCH

Honorable Guy Hunt
Governor

Honorable Jim Folsom, Jr.
Lieutenant Governor

Honorable George Wallace, Jr.
State Treasurer

Honorable Perry Hand
Secretary of State

Honorable Albert McDonald
Commissioner of Agriculture
and Industries

Honorable Don Siegelman
Attorney General

Honorable Jan Cook
State Auditor

JUDICIAL BRANCH

Honorable E. C. "Sonny" Hornsby
Chief Justice of
the Supreme Court

Justices of the Supreme Court

Honorable Hugh Maddox

Honorable Henry Mark Kennedy

Honorable Oscar W. Adams, Jr.

Honorable Henry B. Stegall, II

Honorable Janie L. Shores

Honorable Gorman Houston

Honorable Reneau P. Almon

Honorable Richard L. Jones

LEGISLATIVE BRANCH

Honorable Jim Folsom, Jr.
President of the Senate

Honorable Jimmy Clark
Speaker of the House

Honorable Ronald L. Jones
Examiners of Public Accounts

Honorable Joyce Bigbee
Legislative Fiscal Office

Honorable Louis G. Green
Legislative Reference Service

EXECUTIVE BRANCH DEPARTMENTS

G. Robin Swift, Jr.
Department of Finance

Tandy D. Little, Jr.
ABC Board

Fred O. Braswell, III
Alabama Development Office

Oscar Tucker
Commission of the Aging

Zack Thompson
State Banking Department

James D. Martin
Department of Conservation
and Natural Resources

Thomas H. Wells
Department of Public Safety

John Dutton
State Docks

Leigh Pegues
Department of Environmental
Management

David Rumbarger
ADECA

Ivan F. Smith
State Military Department

Andrew P. Hornsby, Jr.
Department of Human Resources

Robin Rea
Department of Labor

J. Michael Horsley
Department of Mental Health
and Mental Retardation

Lisa Shivers
Bureau of Tourism and Travel

Morris Thigpen
Department of Corrections

William Brock
Emergency Management Agency

Royce G. King
State Highway Department

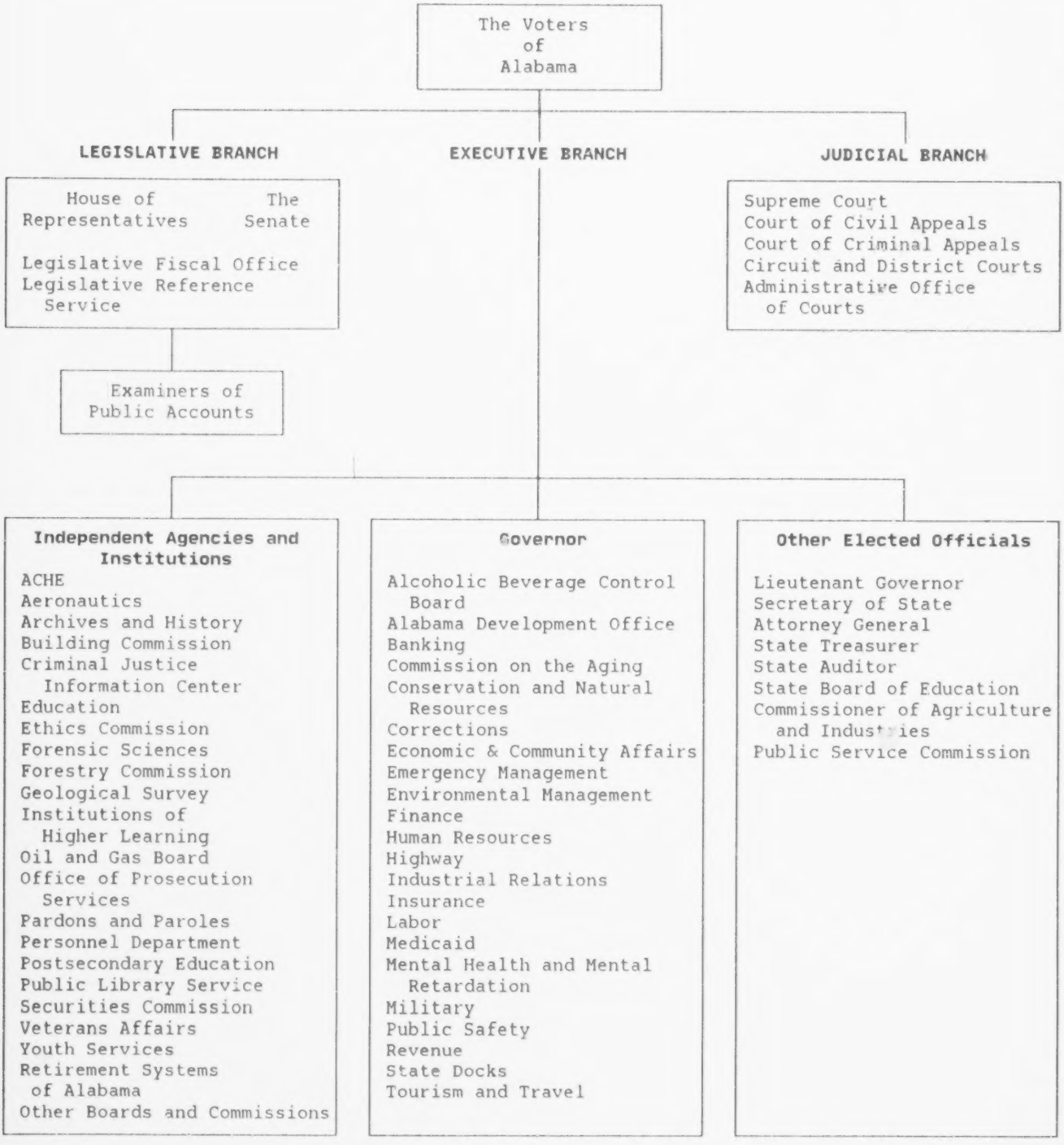
J. G. Allen
Department of Industrial
Relations

Carol Herrmann
Alabama Medicaid Agency

James M. Sizemore, Jr.
Department of Revenue

Mike Weaver
Department of Insurance

ORGANIZATION CHART



FINANCIAL SECTION
General Purpose Financial Statements

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COMBINED BALANCE SHEET
All Fund Types and Account Groups

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	GOVERNMENTAL FUND TYPES			
ASSETS	**General Fund**	**Special Revenue**	**Debt Service**	**Capital Projects**
Cash (Note 3)	42,678	402,495	4,155	106,033
Due From Other Governments	1	19,277	-	-
Due From Other Funds	11,787	15,819	772	-
Interest & Dividends Receivable	-	16	-	-
Accounts Receivable (net)	18	107	-	-
Investments	-	71,798	6,283	209,563
Inventory (Note 1 E)	-	20,074	-	-
Other Assets	1	87,970	-	-
Restricted Assets (Note 1 F)	-	-	-	-
Land	-	-	-	-
Buildings (Note 1 G)	-	-	-	-
Equipment (Note 1 G)	-	-	-	-
Other Fixed Assets	-	-	-	-
Construction In Progress	-	-	-	-
Accumulated Depreciation (Note 1 G)	-	-	-	-
Amt to Be Provided By Employer Contributions	-	-	-	-
Amount To Be Provided in Future Years for the Retirement of Long-Term Debt	-	-	-	-
TOTAL ASSETS	**54,485**	**617,556**	**11,210**	**315,596**
LIABILITIES AND FUND EQUITY				
Liabilities				
Warrants Payable	3,777	49,504	-	919
Due To Other Governments	451	30,765	-	-
Due To Other Funds	699	5,090	-	-
Accounts Payable	10,013	118,263	-	-
Salaries Payable	7,768	32,997	-	3
Interest Payable	-	-	-	-
Other Liabilities	-	87,683	-	-
Notes Payable	-	-	-	-
Revenue Bonds Payable (Note 9)	-	-	-	-
General Obligation Bonds Payable (Note 9)	-	-	-	-
Limited Obligation Bonds Payable (Note 9)	-	-	-	-
Capital Lease Obligations	-	-	-	-
Amounts To Be Distributed	-	1,636	-	-
Amounts Held In Custody For Others	-	16,632	-	-
Deferred Revenue	-	5,258	-	-
Insurance Claims Incurred But Not Reported	-	-	-	-
Total Liabilities	**22,708**	**347,828**	**0**	**922**
Fund Equity				
Investment in Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings, reserved	-	-	-	-
Retained Earnings, unreserved	-	-	-	-
Fund Balance: (Note 1 J)				
Reserved for Encumbrances	3,156	55,406	-	23
Reserved for Inventories	-	20,074	-	-
Reserved for Specific Purposes	5,291	39,522	-	-
Unreserved, Designated	619	-	11,210	314,651
Unreserved, Undesignated	22,711	154,726	-	-
Reserved for Pension Benefits (Note 7)	-	-	-	-
Total Fund Equity	**31,777**	**269,728**	**11,210**	**314,674**
TOTAL LIABILITIES AND FUND EQUITY	**54,485**	**617,556**	**11,210**	**315,596**

PROPRIETARY FUND TYPE		FIDUCIARY FUND TYPE	ACCOUNT GROUPS			
Enterprise Funds	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Higher Education Funds	Total (Memorandum Only)
53,009	27,971	241,041	-	-	15,070	892,452
-	139	2,800	-	-	-	22,217
1,927	2,004	1,855	-	-	1,957	36,121
12,772	-	137,125	-	-	-	149,913
814,599	12,010	19,001	-	-	8,627	854,362
605,074	4,834	9,304,767	-	-	25,807	10,228,126
24,127	7,883	-	-	-	4,338	56,422
19,914	13,593	35	-	-	11,682	133,195
22,133	-	-	-	-	-	22,133
22,613	174	890	29,020	-	7,253	59,950
122,039	14,011	5,317	544,648	-	187,677	873,692
151,627	59,753	1,467	325,985	-	93,277	632,109
104,693	-	-	-	-	27,268	131,961
649	-	-	29,904	-	5,633	36,186
(113,064)	(37,761)	(2,579)	-	-	-	(153,404)
-	-	624,260	-	-	-	624,260
-	-	-	-	1,396,484	-	1,396,484
1,842,112	**104,611**	**10,335,979**	**929,557**	**1,396,484**	**388,589**	**15,996,179**
3,711	4,135	154,960	-	-	-	217,006
1,511	-	32,426	-	-	-	65,153
18,887	2,832	6,657	-	-	1,956	36,121
49,046	2,828	2,870	-	-	6,085	189,105
3,302	749	111	-	-	-	44,930
38,626	-	-	-	-	-	38,626
9,349	-	683	-	-	1,175	98,890
-	30,502	1,418	-	-	1,228	33,148
120,152	452	-	-	3,420	-	124,024
300	-	-	-	586,659	-	586,959
1,194,832	-	-	-	741,205	7,015	1,943,052
707	-	-	-	65,200	2,086	67,993
-	-	19,073	-	-	-	20,709
2,662	-	108,578	-	-	-	127,872
8,879	-	5,540	-	-	10,265	29,942
29,846	-	-	-	-	-	29,846
1,481,810	**41,498**	**332,316**	**0**	**1,396,484**	**29,810**	**3,653,376**
-	-	-	929,557	-	307,692	1,237,249
73,164	7,543	-	-	-	-	80,707
53,363	183	-	-	-	-	53,546
233,775	55,387	468	-	-	40,555	330,185
-	-	282	-	-	-	58,867
-	-	-	-	-	-	20,074
-	-	1,214,421	-	-	10,532	1,269,766
-	-	112,080	-	-	-	438,560
-	-	11,820	-	-	-	189,257
-	-	8,664,592	-	-	-	8,664,592
360,302	**63,113**	**10,003,663**	**929,557**	**0**	**358,779**	**12,342,803**
1,842,112	**104,611**	**10,335,979**	**929,557**	**1,396,484**	**388,589**	**15,996,179**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	General Fund	Special Revenue	Debt Service	Capital Projects
REVENUES				
Taxes	429,810	3,005,684	68,588	-
Licenses, Fees, Permits	84,728	187,046	-	-
Fines and Forfeits	10,980	3,459	-	-
Interest	56,406	6,770	437	38,233
Federal Grants & Reimbursements	-	1,526,434	-	3,316
Other	4,253	152,150	-	2,118
Total Revenues	**586,177**	**4,881,543**	**69,025**	**43,667**
EXPENDITURES				
Economic Development	7,252	36,289	-	-
Educational & Cultural	6,163	2,048,659	-	-
Natural Resources & Recreation	2,429	27,418	-	-
Health - Physical & Mental	91,411	868,255	-	-
Social Services	8,129	452,051	-	-
Protection of Persons & Property	77,302	202,946	-	-
Transportation	-	588,774	-	-
General Government	137,728	142,673	-	-
Capital Projects	-	-	-	97,590
Debt Service				
Principal Retirement	-	-	158,941	3,241
Interest and Other Charges	-	-	96,350	107
Distributions to Local Governments	-	232,775	-	-
Total Expenditures	**330,414**	**4,599,840**	**255,291**	**100,938**
Revenues Over (Under) Expenditures	**255,763**	**281,703**	**(186,266)**	**(57,271)**
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	124,271	277,638	115,520	531
Operating Transfers Out	(787)	(311,318)	-	(81,581)
Appropriated Transfers In (Out):				
General Fund	(392,683)	319,292	68,476	63
Special Education Trust Fund	1,509	(13,347)	1,763	3,075
Transfers to Higher Education (Note 1 K)	-	(672,017)	-	-
Bond Proceeds	-	-	9,206	80,410
Proceeds from Refunding Bonds	-	-	-	-
Total Other Financing Sources (Uses)	**(267,690)**	**(399,752)**	**194,965**	**2,498**
Revenues and Other Sources Over (Under) Expenditures and Other Uses	**(11,927)**	**(118,049)**	**8,699**	**(54,773)**
Fund Balance, October 1, 1988	43,704	387,777	2,511	369,447
Fund Balance, September 30, 1989	**31,777**	**269,728**	**11,210**	**314,674**

Expendable Trusts	Totals (Memorandum Only)
-	3,504,082
350	272,124
13	14,452
24,857	126,703
8,592	1,538,342
7,512	166,033
41,324	**5,621,736**
-	43,541
17,350	2,072,172
-	29,847
-	959,666
268	460,448
-	280,248
-	588,774
84,562	364,963
-	97,590
-	162,182
-	96,457
-	232,775
102,180	**5,388,663**
(60,856)	**233,073**
-	517,960
-	(393,686)
-	(4,852)
-	(7,000)
-	(672,017)
-	89,616
122,611	122,611
122,611	**(347,368)**
61,755	**(114,295)**
314,875	1,118,314
376,630	**1,004,019**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCE - BUDGET AND ACTUAL - *BUDGETARY BASIS*

Budgetary General Fund and Alabama Special Education Trust Fund

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	442,818	442,818	429,822	(12,996)
Licenses, Fees and Permits	88,567	88,567	84,732	(3,835)
Fines and Forfeits	12,274	12,274	10,977	(1,297)
Interest	40,500	40,500	56,406	15,906
Other	19,141	19,141	16,016	(3,125)
Total Revenues	**603,300**	**603,300**	**597,953**	**(5,347)**
EXPENDITURES				
Economic Development	7,259	7,259	7,222	(37)
Educational & Cultural	5,887	6,563	6,191	(372)
Natural Resources & Recreation	1,924	2,419	2,419	-
Health - Physical & Mental	88,455	91,988	91,979	(9)
Social Services	6,974	7,108	6,941	(167)
Protection of Persons and Property	78,417	81,017	80,231	(786)
General Government	133,210	141,823	139,771	(2,052)
Total Expenditures	**322,126**	**338,177**	**334,754**	**(3,423)**
Revenues Over (Under) Expenditures	**281,174**	**265,123**	**263,199**	**(1,924)**
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	106,990	106,990	115,512	8,522
Operating Transfers Out	(402,184)	(403,011)	(392,683)	10,328
Total Other Financing Sources (Uses)	**(295,194)**	**(296,021)**	**(277,171)**	**18,850**
Revenues and Other Sources Over (Under) Expenditures and Other Uses	**(14,020)**	**(30,898)**	**(13,972)**	**16,926**
Unreserved Fund Balance, Oct 1, 1988	32,666	32,666	32,666	-
Unreserved Fund Balance, Sept 30, 1989	**18,646**	**1,768**	**18,694**	**16,926**

SPECIAL EDUCATION TRUST FUND			
Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
2,277,239	2,277,239	2,352,165	74,926
350	350	358	8
-	-	-	-
-	-	-	-
23,463	23,463	27,272	3,809
2,301,052	**2,301,052**	**2,379,795**	**78,743**
-	-	-	-
2,338,733	2,382,938	2,382,705	(233)
-	-	-	-
8,656	8,027	8,027	-
20,190	20,968	20,968	-
12,806	12,134	12,134	-
8,131	8,131	8,131	-
2,388,516	**2,432,198**	**2,431,965**	**(233)**
(87,464)	**(131,146)**	**(52,170)**	**78,976**
-	-	-	-
(54,701)	(57,410)	(57,410)	-
(54,701)	**(57,410)**	**(57,410)**	**0**
(142,165)	**(188,[illegible])**	**(109,580)**	**78,976**
143,834	143,834	143,834	-
1,669	**(44,722)**	**34,254**	**78,976**

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
All Proprietary Fund Types and Similar Trust Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		Totals
	Enterprise Funds	Internal Service	Nonexpendable Trusts	Pension Funds	(Memorandum) Only)
OPERATING REVENUES					
Sales of Goods and Services	206,553	52,464	-	-	259,017
Interest and Dividends	125,004	-	106,188	716,346	947,538
Retirement Contributions	-	-	-	497,477	497,477
Insurance Premiums	262,758	-	-	-	262,758
Rents and Leases	-	5,500	5,431	-	10,931
Gain on Sale of Investments	3,436	-	446	53,777	57,659
Total Operating Revenues	**597,751**	**57,964**	**112,065**	**1,267,600**	**2,035,380**
OPERATING EXPENSES					
Salaries, Wages, Benefits	35,311	13,766	-	4,132	53,209
Utilities & Communication	4,141	13,610	-	460	18,211
Professional Services	3,723	11,216	9	451	15,399
Supplies, Materials, Operating Expenses	102,494	17,014	-	345	119,853
Insurance Claims	252,172	-	-	-	252,172
Retirement Benefits	-	-	-	366,918	366,918
Interest	101,585	26	-	132	101,743
Depreciation	11,286	-	-	263	11,549
Other Operating Expenses	10,763	7,285	893	715	19,656
Operations and Maintenance	20,372	-	-	-	20,372
General and Administrative	7,462	-	-	-	7,462
Total Operating Expenses	**549,309**	**62,917**	**902**	**373,416**	**986,544**
Operating Income (Loss)	**48,442**	**(4,953)**	**111,163**	**894,184**	**1,048,836**
NON-OPERATING REVENUES (EXPENSES)					
Interest and Dividends	(3,362)	444	-	-	(2,918)
Non-Operating Revenues	446	1,642	-	-	2,088
Non-Operating Expenses	(189)	(1,160)	-	-	(1,349)
Total Non-Operating Revenue (Expense)	**(3,105)**	**926**	**0**	**0**	**(2,179)**
Income Before Operating Transfers	**45,337**	**(4,027)**	**111,163**	**894,184**	**1,046,657**
TRANSFERS					
Operating Transfers In	1,669	465	-	640	2,774
Appropriated Transfers from General Fund	2,541	2,312	-	-	4,853
Appropriated Transfers from ASETF	-	7,000	-	-	7,000
Operating Transfers Out	(18,172)	(1,766)	(106,296)	(818)	(127,052)
Total Transfers	**(13,962)**	**8,011**	**(106,296)**	**(178)**	**(112,425)**
Net Income (Loss)	**31,375**	**3,984**	**4,867**	**894,006**	**934,232**
Extraordinary Loss (Note 9)	(17,292)	-	-	-	(17,292)
Net Income	**14,083**	**3,984**	**4,687**	**894,006**	**916,940**
Required Future Contributions	-	-	-	223,878	223,878
Fund Equity, October 1, 1988	346,219	59,129	946,766	7,557,516	8,909,630
Fund Equity, September 30, 1989	**360,302**	**63,113**	**951,633**	**8,675,400**	**10,050,448**

STATE OF ALABAMA

COMBINED STATEMENT OF CHANGES IN FUND BALANCES
Higher Education Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	CURRENT FUNDS			
	Unrestricted	Restricted	Loan	Endowments and Similar Funds
REVENUES AND OTHER ADDITIONS				
Unrestricted Educational & General Revs	48,845	-	-	2
Auxiliary Revenues	14,189	-	-	-
Restricted Revenues:				
Federal Revenue	-	11,960	-	-
Federal Grants and Contracts	-	29,423	62	-
State Grants and Contracts	-	2,337	-	-
Local Grants and Contracts	-	405	-	-
Private Gifts, Grants, and Contracts	-	221	8	25
Investment Income	38	24	3	22
Interest on Student Loans	-	-	19	-
Endowment Income	-	33	-	28
Realized Gains/Losses on Investments	-	-	-	-
Other	306	43	6	2
Expended for Plant Facilities	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Total Revenues and Other Additions	**63,378**	**44,446**	**98**	**79**
EXPENDITURES AND OTHER DEDUCTIONS				
Educational and General Expenditures	713,017	45,246	2	1
Auxiliary Enterprises Expenditures	12,799	97	-	-
Administrative and Collection Costs	-	6	17	-
Refunded to Grantors	-	20	22	-
Loan Cancellation and Write-Offs	-	-	23	-
Other	-	543	2	28
Expended for Plant Facilities				
Land	-	-	-	-
Building and Alterations	-	-	-	-
Improvements Other than Buildings	-	-	-	-
Equipment	-	-	-	-
Construction in Progress	-	-	-	-
Other	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Interest on Indebtedness	-	-	-	-
Disposal of Plant Assets	-	-	-	-
Adjustments / Transfer to Plant Assets	-	-	-	-
Total Expenditures & Other Deductions	**725,816**	**45,912**	**66**	**29**
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS)				
Mandatory Transfers	(1,285)	48	11	-
Nonmandatory Transfers	(3,714)	88	-	(18)
Operating Transfer In From ASETF	668,980	1,393	-	1
Total Transfers	**663,981**	**1,529**	**11**	**(17)**
Net Increase (Decrease)	**1,543**	**63**	**43**	**33**
Restated Beginning Fund Balance	22,439	1,714	791	1,671
Ending Fund Balance	**23,982**	**1,777**	**834**	**1,704**

PLANT FUNDS					
Unexpended	State Bond Authorities	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	TOTAL
-	-	-	-	-	48,847
-	-	-	-	-	14,189
-	-	-	-	-	11,960
-	430	39	135	-	30,089
-	-	-	-	-	2,337
-	-	-	-	-	405
110	-	-	-	-	364
941	-	16	186	-	1,230
-	-		-	-	19
-	-	-	-	-	61
-	-	235	-	-	235
211	640	156	9	3,734	5,107
-	-	-	-	16,278	16,278
-	-	-	-	701	701
1,262	**1,070**	**446**	**330**	**20,713**	**131,822**
-	-	-	-	-	758,266
-	-	-	-	-	12,896
26	1	50	5	-	105
-	-	-	-	-	42
-	-	-	-	-	23
-	-	-	-	-	573
178	-	-	-	-	178
2,350	801	221	-	25	3,397
279	269	60	-	-	608
374	217	37	-	30	658
160	470	-	-	-	630
76	187	297	1	1,860	2,421
105	-	-	685	-	790
25	-	-	664	-	689
-	-	-	-	1,206	1,206
71	740	-	-	(5,336)	(4,525)
3,644	**2,685**	**665**	**1,355**	**(2,215)**	**777,957**
(96)	-	50	1,273	-	1
3,419	-	439	(214)	-	-
293	1,350	-	-	-	672,017
3,616	**1,350**	**489**	**1,059**	**0**	**672,018**
1,234	**(265)**	**270**	**34**	**22,928**	**25,883**
13,637	2,978	2,770	2,132	292,560	340,692
14,871	**2,713**	**3,040**	**2,166**	**315,488**	**366,575**

COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
Higher Education Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	CURRENT FUNDS		
	Unrestricted	Restricted	TOTAL
REVENUES			
State Appropriations:			
Operation & Maintenance	117,899	3	117,902
Library Enhancement	-	290	290
Other	3,133	695	3,828
Matching Social Security	8,720	-	8,720
Matching Retirement	8,784	9	8,793
Matching Health Insurance	4,166	4	4,170
Local Appropriations	-	7	7
Federal Appropriations	109	3,748	3,857
Federal Grants and Contracts - Student	7	23,930	23,937
Federal Grants and Contracts - Other	764	14,056	14,820
State Grants and Contracts	542	2,467	3,009
Local Grants and Contracts	180	405	585
Tuition	37,088	5	37,093
Private Gifts, Grants, and Contracts	1,134	215	1,349
Investment Income	1,294	19	1,313
Endowment Income	17	33	50
Realized Gains/Losses on Investments	20	-	20
Sales & Services of Educational Activities	2,152	4	2,156
Other	4,084	60	4,144
Sales & Services of Auxiliary Enterprises	13,874	-	13,874
Total Revenues	**203,967**	**45,950**	**249,917**
EXPENDITURES			
Education and General:			
Instruction	103,023	9,199	112,222
Public Service	371	1,729	2,100
Academic Support	13,270	2,449	15,719
Student Services	15,577	5,980	21,557
Institutional Support	25,171	3,088	28,259
Operation and Maintenance of Plant	21,939	374	22,313
Scholarships	3,976	23,174	27,150
Auxiliary Enterprises Expenditures	14,176	97	14,273
Educational & General Expenditures -			
Four Year Institutions	528,314	-	528,314
Total Expenditures	**725,817**	**46,090**	**771,907**
OTHER ADDITIONS (DEDUCTIONS)			
Refunded to Grantors	-	(20)	(20)
Excess Restricted Receipts Over Revenue	-	108	108
Other	77	(20)	57
Transfers Among Higher Education Funds	(4,999)	136	(4,863)
Transfers in From Special Education Trust	668,980	1,393	670,373
Total Other Additions (Deductions)	**664,058**	**1,597**	**665,655**
Net Increase (Decrease) in Fund Balance	**142,208**	**1,457**	**143,665**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

All potential component units were considered by management for financial reporting purposes. The decision to include a potential component unit in the reporting entity was based on applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the state's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the state and/or its citizens, or whether the activity is conducted within the geographic boundaries of the state and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the state is able to exercise oversight responsibilities. Based upon the application of these criteria, the following significant component units are included in these financial statements:

- The State's retirement systems
- Boards, bureaus, and commissions
- Alabama Agricultural Markets and Coliseum Corporation
- Alabama Building Finance Authority
- Alabama Corrections Institution Finance Authority
- Alabama Highway Authority
- Alabama Housing Finance Authority
- Alabama Industrial Access Road and Bridge Corporation
- Coosa Valley Development Authority
- Farmer's Market Authority
- Alabama Public School and College Authority
- State Industrial Development Authority
- Tombigbee Valley Development Authority
- Alabama Trade School and Junior College Authority
- The Alabama College System

The state-supported colleges and universities (4-year institutions) are a part of the state's reporting entity. These component units are not included in these financial statements because each maintains its own accounting system and it was not practicable to obtain the required financial information. However, these financial statements reflect the operating transfers to higher education from the Alabama Special Education Trust Fund. The details of expenditures and the details of other funding sources for the 4-year institutions are not reported.

B. Fund Accounting

The State uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid. The difference between fund assets and liabilities, the fund equity, is referred to as "fund balance." The expendable assets may include assets other than cash, and therefore, fund balance may not be equivalent to cash balance. In the past, because the state has operated and reported on a cash basis, the terms cash balance and fund balance have been considered interchangeable.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

C. Basis of Accounting

The basis of accounting determines when the State recognizes revenues and expenditures/expenses, regardless of measurement focus. The State has kept its records and has prepared its financial statements for previous years primarily on the budgetary basis which approximates the cash basis with certain material exceptions. Encumbrances which represent obligations against the current fiscal year appropriations and cash are accrued. At year end, fund balances are reserved to accrue expenditures for those outstanding and measurable encumbrances. In the State's central accounting system, revenues are recognized in the accounting period in which they are received and available and expenditures are recognized in the accounting period in which the fund liability is paid. For this transition year (one of a multi-year conversion to GAAP reporting), the financial statements have been adjusted where practicable to establish beginning balance sheet balances, a General Fixed Assets Account Group, and a General Long-Term Debt Account Group.

The cash basis of accounting is utilized by proprietary fund types for the operating statements. The major nonexpendable trust funds, the Alabama Heritage Trust Fund and the Alabama Trust Fund, prepare all financial statements on a cash basis. The accrual basis of accounting is used by the pension trust funds. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

D. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

E. Inventories

Inventories of materials and supplies are determined by both physical counts and through perpetual inventory systems and are valued at the lower of cost or market. Valuation methods used by the proprietary and governmental funds include first-in-first-out, average cost, weighted average, and retail inventory method.

F. Restricted Assets

Enterprise fund assets required to be held and/or used as specified in bond covenants have been recorded as Restricted Assets. These assets consist primarily of U.S. Treasury obligations and certificates of deposit. Alabama State Docks, as required by bond covenants, maintains a balance in its debt service reserve fund equal to the debt service in any current or subsequent year. Alabama State Docks, as required, also maintains a replacement fund for annual or extraordinary repairs or construction on coal handling facilities.

G. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at the estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting primarily of roads and bridges are not capitalized, as these assets are immovable and of value only to the State.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight line method and other methods over the estimated useful life of the asset.

H. Compensated Absences

Although no liability is presented on the financial statements, state employees accumulate annual and sick leave as it is earned. The amount of unrecorded liabilities for unused annual and sick leave exceeds the value of a normal year's accumulation. This amount is material but is not readily determinable.

Substantially all employees earn 13 days of sick leave each year with accumulation limited to 150 days. Payment is made for one-half of unused sick leave at retirement. The employee must have 25 years of service or have attained the age of 60 and have 10 years of service to be eligible to retire. State Troopers must have 25 years of service or have attained the age of 52 and have 10 years of service to be eligible to retire.

Substantially all employees earn from 13 to 29 1/4 days of annual leave each year with accumulation limited to 60 days. Payment is made to eligible employees for unused annual leave at termination or retirement.

I. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

J. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants and/or contributions. The capital grants and contributions are received from the federal government or other state funds.

Reservations of fund equity of proprietary funds are created by increases in assets restricted for renewal and replacement. Increases in reserves result from earnings on restricted assets and other interfund transfers to restricted accounts. Earnings on restricted assets are included in net income. Reserves of governmental funds indicate that a portion of the fund balance is not appropriable for expenditure or is legally segregated for a specific future use.

Fund balance designations are established to indicate tentative plans for financial resource utilization in a future period. Such designations reflect managerial plans or intent as distinguished from reserves.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transfers are reported as operating transfers.

The Alabama Legislature has established through the appropriation process a practice of funding various state departments through transfers of cash from the State's Budgetary General Fund and Alabama Special Education Trust Fund. The Schedule of Operating Transfers Out on the following page identifies the programmatic areas in which the transfers of cash are ultimately expended. The total operating transfers to State agencies in 1989 were $393.5 million from the Budgetary General Fund. Total operating transfers from the ASETF to State agencies were $92.7 million and $672 million to Higher Education Institutions.

The Alabama Legislature made the following operating transfers of $10,000,000 (Act 80-90), $8,260,000 (Act 84-313), and $25,000,000 (Act 86-645 and Act 87-810). These operating transfers were made from the State Insurance Fund to the Budgetary General Fund. The acts provide for the funds to be transferred back to the State Insurance Fund at the determination of the State Finance Director and the Governor.

SCHEDULE OF OPERATING TRANSFERS OUT
General Fund and Special Education Trust Fund
(Amounts in Thousands)

	General Fund	ASETF
TRANSFERS TO STATE AGENCIES		
Programmatic Areas:		
Economic Development	$ 14,648	$ -
Educational & Cultural	1,542	6,074
Natural Resources & Recreation	1,842	-
Health - Physical & Mental	120,554	4,513
Social Services	23,851	1,509
Protection of Persons & Property	136,819	2,725
Transportation	-	-
General Government	15,235	4,551
Capital Projects	63	3,075
Debt Service	68,476	1,763
Proprietary Funds	4,853	7,000
Non-Programmatic Expenditures	5,587	6,254
Transfer to ASETF Surplus	-	34,254
Transfer to ASETF Proration Prevention	-	21,000
Total Transfers To State Agencies	**393,470**	**92,718**
TRANSFERS TO HIGHER EDUCATION INSTITUTIONS		
Postsecondary - Alabama College System	-	143,703
University of Alabama	-	96,101
University of Alabama - Birmingham	-	117,180
University of Alabama - Huntsville	-	24,174
Alabama A&M University	-	18,437
Alabama State University	-	18,200
Auburn University	-	135,580
Jacksonville State University	-	19,646
Livingston State University	-	6,346
University of Montevallo	-	10,561
University of North Alabama	-	14,671
University of South Alabama	-	47,769
Troy State University	-	19,649
Total Transfers to Higher Education	**0**	**672,017**
Total Operating Transfers Out	**$ 393,470**	**$ 764,735**

L. Totals (Memorandum Only) Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or change in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

M. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

2 BUDGETARY ACCOUNTING AND REPORTING

A. Budgetary Policies

Formulation of the budget begins with the preparation of estimates of expenditure requirements for the next fiscal year by the administrative head of each budgeted agency and institution. These estimates are submitted annually to the Executive Budget Office on or before the first day of the third month preceding each regular session of the Legislature. The budget is prepared by program, elements or reporting units and major objects of expenditure in accordance with a standard plan of classification. Requested changes in programmatic expenditures over the prior fiscal year must be explained, and proposed capital expenditures must be justified as required by the Executive Budget Office.

The budget document, as finally developed by the Governor, is published and transmitted to the Legislature on or before the second legislative day of each regular session. The budget includes financial statements showing balances in the state treasury, bonded indebtedness, and summaries of recommended appropriations and estimated state revenues for the fiscal year in progress and the fiscal year to which the budget relates. The recommended appropriation bills indicate the programmatic appropriation to each agency and institution and the source of funds from which each appropriation is to be paid. The appropriation recommendations, subject to alteration by the Legislature, are adopted by the Legislature as the Appropriation Acts.

B. Financial and Administrative Controls

The internal controls in the State's accounting system have been designed to comply with Alabama statutes. The statutes require the audit of receipts and receivables; the determination of legality and correctness of each claim and expenditure; and that funds are appropriated, allotted, and on deposit in the State Treasury before any warrant is issued. The internal controls include manual pre-audit and automated system edits. These internal accounting controls provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss or unauthorized disposition and the reliability of the financial records from which the financial reports are prepared. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

Budgetary control is exercised through the Executive Budget Office of the State Finance Department based on the Appropriation Acts of the State Legislature. Alabama's annual Appropriation Act includes legally adopted budgets for the Budgetary General Fund, the Alabama Special Education Trust Fund, and Other Budgeted Funds.

The Appropriation Acts identify the source of funding and the programmatic (functional) areas for which expenditures are authorized. Both the Alabama Constitution and the statutes require a balanced budget for annual financial operations. In the event that revenue collections do not meet budget projections, the Governor is required to prorate appropriations and restrict allotments to prevent an overdraft or deficit in any fiscal

year for which appropriations are made. Allotments of appropriations are made quarterly based on plans of operations submitted by the departments and agencies. These appropriations and allotments are enforced by automated edits which prevent allotments in excess of appropriations, and prevent expenditures in excess of allotments.

C. Encumbrance Accounting

Encumbrance accounting is utilized as purchase orders are issued to insure that purchase orders plus expenditures do not exceed allotment balances. This is modified at fiscal year end to include, in addition to purchase orders, any obligations incurred against fiscal year appropriations and allotments.

D. Budgetary Funds

Alabama is funded by two major appropriation acts, the General Appropriations Act and the Alabama Special Education Trust Fund Appropriations Act. These Acts do not present budgets by GAAP fund. Instead, budgets are presented for:

The Budgetary General Fund This fund is the state's general operating fund. The resources in this fund are primarily taxes and licenses and interest income. The State expends general funds to provide traditional state government services. The Budgetary General Fund is the General Fund in the General Appropriations Act. The General Appropriations Act includes all budgeted resources, that is, General Fund, federal funds, and department-generated resources.

The Alabama Special Education Trust Fund (ASETF). This fund is a major special revenue fund for educational purposes. The resources in this fund are primarily from income taxes and sales taxes. The ASETF is funded by the Alabama Special Education Trust Fund Appropriations Act. This Act includes all budgeted resources, that is, special revenue funds and federal funds.

The accompanying financial statements include a Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Budgetary Basis). Budget and Actual statements are presented for the Budgetary General Fund and the Alabama Special Education Trust Fund only, and not for other budgeted funds.

E. Budgetary Basis of Accounting

State law does not explicitly define the basis of accounting. However, cash basis accounting has been used for budgetary purposes. Traditionally, the cash basis of accounting has also been used for financial reporting. This provides a correspondence between the budget and the financial reports, but it does not report the state's financial position according to GAAP. This report is an initial step in the multi-year conversion process to enable the state to report on a GAAP basis.

The financial statements are prepared on a cash basis of accounting with an accrual of encumbrances at year end. Encumbrances represent obligations against the current fiscal year appropriations and cash. At year end, fund balances are reserved to accrue expenditures for those outstanding and measurable encumbrances.

F. Lapsing of Appropriations

All unencumbered balances of all appropriations revert to the State Treasury at the end of each fiscal year and are credited to the General Fund or to the special fund from which the appropriation was made. Appropriations for the purchase of land, the construction of buildings, or for the maintenance of roads and bridges of the state

highway system continue until the completion of the project.

3 CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the State. Due to statutory requirements, all deposits of public funds in excess of that covered by federal depository insurance (FDIC), must be fully collateralized. Acceptable securities to be used for collateral include obligations of the U.S. government, federal agencies, general obligation bonds of the various states of the continental United States which have a rating of "A" or better by Moody's Investors Rating Service, Inc., general obligation bonds or warrants of any Alabama county or municipality, obligations of any county secured by a pledge of the special road, bridge and public building tax, bonds of any county or city board of education secured by pledge of special taxes, or bonds issued by electric, natural gas, sewer and water revenue bonds.

Revenue or limited obligation bonds must have a debt service coverage in excess of two times. This collateral must be held by the State Treasurer, the Federal Reserve Bank, or an Alabama commercial bank with which the State Treasurer has executed a safekeeping contract. All collateral is segregated, and held specifically for the State Treasurer.

The State Treasurer has the responsibility for the investment of idle cash. Due to statutory requirements, treasury cash is invested in time deposit - open accounts or in repurchase agreements. Legislative approval was given this year for the State Treasurer to invest in time deposits maturing in 91 days, 6 months, or one year, with the interest rate being based on U. S. Treasury bill auction rates for comparable periods.

Investments are stated at cost or amortized cost, except for investments in the deferred compensation agency fund, the Public Employees Benefit Services Corporation, which are reported at market value.

4 RISK MANAGEMENT

The State manages its risk through risk control and risk financing to minimize the adverse effects of certain types of losses. Risk financing includes self-insurance through several different funds. The State Insurance Fund is a public entity risk pool providing coverage for state buildings and contents against fire and casualty losses. The General Liability Trust Fund is a risk pool which insures state employees against the risk of loss from employment-related liability claims. The State Employees' Insurance Fund provides health insurance coverage for state employees. The Public Education Employees' Health Insurance Fund provides health coverage for employees of school systems and junior colleges. Risk financing by these funds involves self-insurance, transfer of risk to an insurer, or both.

Alabama State Docks is partially self-insured with respect to workmen's compensation claims. Through an arrangement with an insurance company, individual claims incurred prior to September 30, 1986 of less than $250,000 up to an aggregate of $1,000,000 and any individual claims in excess of $3,000,000 are self-insured. Claims incurred subsequent to September 30, 1986 are self-insured to the extent of claims less than $250,000 with no aggregate limit with respect to the number of such claims. Additionally, any individual claims in excess of $5,000,000 are self-insured.

5 DEFERRED COMPENSATION

The State offers its employees the opportunity to participate in two optional deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all state employees, permit them to defer a portion of their salary until future years. Employees may withdraw the current value of their contributions upon termination, retirement, death or an unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the state subject only to the claims of the state's general creditors. Participants' rights under the plans are equal to those of a general creditor of the state in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the state's legal counsel that the state has no liability for losses under these plans but does have the duty of due care that would be required of an ordinary prudent investor. It is unlikely that the state would ever use plan assets to satisfy claims of the state's general creditors. One of the plans, the Public Employees' Individual Retirement Account Fund/Deferred Compensation Plan is administered and operated by the Public Employees' Individual Retirement Account Fund (PEIRAF) Board of Control. All members of the Teachers' Retirement System of Alabama, Employees' Retirement System of Alabama, Judicial Retirement Fund, and employees of employers eligible to participate in the Employees' Retirement System are eligible to participate. At September 30, 1989, plan assets totalled $27,001,440. Of this amount, $7,916,713 was applicable to the State, while the remaining $19,054,727 represents the assets of other jurisdictions participating in the plan.

A second deferred compensation plan is administered and operated by the Public Employees Benefit Services Corporation. Total plan assets as of September 30, 1989 were, $48,807,007.

6 POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the State provides certain health care benefits for retired employees of state educational institutions through the Public Education Employees' Health Insurance Fund (PEEHIF) and retired state employees through State Employees' Insurance Board (SEIB). The cost of retiree health care benefits is recognized as an expenditure to PEEHIF as claims are paid. The cost of the benefits is funded by an appropriation from the ASETF in the amount of $18,133,095 for 1989 and $219,564 paid by participating retirees.

The State provides health care benefits for retired state employees through the State Employees' Insurance Board (SEIB). The cost of benefits is recognized as an expense in the month in which it is incurred. The State pays 100 percent of the premium for a retiree who is over 65 and eligible for Medicare for a total cost to the State in 1989 of $5,640,000. The state pays a portion of the premium for a retiree who is under 65 at a total cost to the State in 1989 of $2,256,000. Insurance coverage is also available to state employees who terminate state service, but the liability for premiums is the employee's.

7 RETIREMENT PLANS

A. The Retirement Systems of Alabama

Retirement Systems of Alabama administers three retirement programs for the benefit of state employees.

1. Plan Descriptions

Teachers' Retirement System of Alabama (TRS) is a cost-sharing multiple-employer public employee retirement system. The system provides retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The Board of Control has responsibility for the general administration and operation of the TRS.

The Employees' Retirement System of Alabama (ERS) is an agent multiple-employer public employee retirement system. This system provides retirement allowances and other specified benefits for state employees, state police and employees of other jurisdictions. The Board of Control is responsible for general administration and operations of ERS.

The Judicial Retirement Fund (JRF) is a cost-sharing multiple employer public employee retirement system. This system provides retirement allowances and other specified benefits for any Justice of the Supreme Court of Alabama, Judge of the Court of Civil Appeals, Judge of the Court of Criminal Appeals, Judge of the Circuit Court, or office holder of any newly created judicial office receiving compensation from the State Treasury. The Board of Control of the ERS administers and operates the JRF.

Current membership in each of the three systems is as follows:

	TRS	ERS	JRF
Current employees:			
Vested:			
General	43,676	12,039	155
State Policemen	-	441	-
Employees of Local Employers	-	6,581	-
Nonvested:			
General	57,783	18,278	144
State Policemen	-	391	-
Employees of Local Employers	-	20,882	-
Retirees and beneficiaries currently receiving benefits:	24,086	15,000	152

The TRS, ERS and JRF provide retirement benefits as well as death and disability benefits. Benefits for TRS and ERS members vest after 10 years of credited service. Teachers and state employees who retire after age 60 (52 for state police) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life. Service retirement benefits are calculated by three methods with the members receiving payment under the method which yields the highest monthly benefit: (1) minimum guaranteed, (2) money purchase, or (3) formula. Under the formula method, members of TRS and ERS are allowed 2.0125 percent of their final average salary (best 3 of the last 10 years) for each year of service. Disability retirement benefits are calculated in the same manner except that a reduction factor is computed based upon 1/4 of 1 percent for each month the member is less than age 60 or each month of service less than 25 years for a maximum of 25 percent. In each case, the member receives the highest of the three calculations.

The formula used to calculate benefits for State Police members differs from that used for TRS members and regular employee members of ERS. State Police are allowed 2.875 percent for each year of state police service in computing the formula method. Disability benefits are calculated under the same methods used for service retirements except the member's benefit is reduced by 25 percent under the formula method, and under the money purchase calculation the pension portion is reduced by 1/4 of 1 percent per month for each month the member is less than age 60 for a maximum reduction of 25 percent.

JRF benefits vest from five to eighteen years. Except for disability, no justice or judge shall be eligible to receive judicial service retirement pay prior to attaining sixty years of age. Service retirement benefits for justices and judges are dependent upon the particular office held in the specific judicial branch of government. A retirement benefit is payable upon the request of any member who has completed 12 years of credited service and has attained age 65, or who has completed 15 years of credited service and whose age plus service equals or exceeds 77, or who has completed at least 18 years of credited service or three full terms as a judge or justice, or who has completed 10 years of credited service and has attained age 70. However, a district or probate judge must attain age 60 in order to be eligible to retire. A member eligible to retire who has not requested his retirement benefit to commence at the end of the term in which his seventieth birthday occurs is entitled only to the refund of his contributions. The service retirement benefit for a member other than a district or probate judge is equal to 75 percent of the salary prescribed by law for the position from which the member retires. The service retirement benefit for a district judge is equal to 90 percent of the benefit payable to circuit judges on the date such judge retires. For a probate judge, the benefit is equal to 65 percent of his salary immediately prior to retirement.

Covered members of TRS and ERS are required by statute to contribute 5 percent of earnable compensation to the TRS and ERS. State police and JRF members are required to contribute 10 percent and 6 percent, respectively.

2. Preretirement Death Benefit

A preretirement death benefit account is credited with TRS and ERS employer contributions and investment income on such funds. The preretirement death benefit (in the form of group term life insurance) is paid in addition to the return of member contributions upon the death of an active TRS or ERS member who has completed at least one year of active membership in the system and whose date of death was within ninety days of such member's last date of actual service. However, a surviving spouse beneficiary may elect a survivor allowance in lieu of this benefit. The preretirement death benefit is equal to the annual earnable compensation of the member as reported to the system for the preceding year ending June 30 for TRS and September 30 for ERS.

3. Withdrawal Due to Termination

When a member withdraws from service through resignation, the member's accumulated contributions and a portion of accumulated interest credited to the account is returned to the member.

4. Funding Status and Progress

The law provides that the Boards of Control engage an actuary to prepare an annual valuation of the assets and liabilities of the various reserves. The actuary has computed, as of the date of the latest available actuarial valuation, the "pension benefit obligation." The amount shown below as pension benefit obligation is a standardized

disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess TRS, ERS and JRF funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among Public Employee Retirement Systems (PERS). The measure is independent of the actuarial funding method used to determine contributions to the TRS, ERS, and JRF discussed below.

The pension benefit obligation was determined as part of the latest available actuarial valuation, as of June 30, 1988 for TRS, as of September 30, 1988 for ERS, and as of September 30, 1988 for JRF. Significant actuarial assumptions used in determining the pension benefit obligation include the following. The rate of return on the investment of present and future assets is assumed to be 8 1/4 percent per year compounded annually for all three systems. Projected salary increases are assumed to be 8 percent at age 20 to 5.75 percent at age 65 for TRS, 8.41 percent at age 20 to 5.8 percent at age 65 for ERS, and 5 percent for JRF, compounded annually, attributable to inflation. It is also assumed that benefits will not increase after retirement. The funding period is assumed to be 40 years for TRS, 30 years for ERS, and 20 years for JRF. Assumptions about future withdrawal, retirement and death rates have been based on TRS' experience for TRS, ERS' experience for ERS, and actuaries' experience with similar funds for JRF.

Retirement Systems Pension Benefit Obligation
(Amounts in Thousands)

	TRS	ERS	JRF
Date of Latest Actuarial Valuation	6/30/88	9/30/88	9/30/88
Pension Benefit Obligation:			
Retirees and beneficiaries currently receiving benefits	$ 1,442,758	$ 712,484	$ 39,438
Current employees			
Accumulated employee contributions including allocated investment income	941,059	453,255	8,038
Employer-financed vested	788,389	349,427	20,949
Employer-financed nonvested	1,429,021	632,560	15,226
Total Pension Benefit Obligation	**4,601,237**	**2,147,726**	**83,651**
Net assets available for benefits, at amortized cost or book value, (market value is $4,798,533 for TRS, $2,169,600 for ERS, and $67,534 for JRF)	4,716,083	2,195,890	69,275
Assets in Excess of (Unfunded) Pension Benefit Obligation	**$ 114,846**	**$ 48,164**	**$ (14,376)**

During the year ended September 30, 1989, TRS experienced a net increase of $467,085 in the pension benefit obligation. ERS experienced a net increase of $302,520 in the pension benefit obligation, while JRF experienced a net increase of $6,060 in the pension benefit obligation.

5. Contributions Required and Contributions Made

The actuary has computed, as of the date of latest available actuarial valuation, the estimated present value of benefits payable to retired members, beneficiaries, and active members. The actuarial valuations are prepared on a projected benefit basis, under which the present value, at the interest rate assumed to be earned in the future, of each member's expected benefit payable at retirement or death is determined, based on his/her age, service, sex and compensation. Future salary increases are also anticipated. The present value of the expected benefits payable on account of the active members is added to the present value of the expected future payments to retired members and beneficiaries to obtain the present value of all expected benefits payable from each system on account of the present group of members and beneficiaries.

TRS, ERS, and JRF funding policies provide for employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. The employer contributions required to support the benefits of each system are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution.

For TRS and ERS, the normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made to determine the uniform and constant percentage rate of employer contribution which, if applied to the compensation of the average new member during the entire period of his/her anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf.

For JRF, the normal contribution is determined using the "projected accrued benefit (unit-credit) method". Under this method, the benefits of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years. The actuarial gains (losses), as they occur, generally reduce (increase) the unfunded actuarial accrued liability.

The accrued liability contribution is expected to liquidate the accrued liability within each system's funding period (a closed 40-year period for TRS, a 30-year period for ERS, and a 20-year period for JRF).

Contributions were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at September 30, 1988 (June 30, 1988 for TRS). These contributions were comprised as follows:

Contributions Made
(Amounts in Thousands)

	TRS	ERS	JRF
Employer	$179,497	79,196	5,859
Employee	109,399	58,644	952
Total contributions	288,896	137,840	6,811
Normal Cost	$267,145	110,709	4,139
Amortization of the unfunded actuarial accrued liability	21,751	27,131	2,672
Total contributions	$288,896	137,840	6,811
Covered payroll	$2,060,948	1,107,667	15,590
Total contributions as a percentage of covered payroll	14%	12%	44%

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation.

6. Trend Information:

The following two year comparison of the ten-year historical trend information, prepared in accordance with Governmental Accounting Standards Board Statement No. 5, provides information on progress made in accumulating sufficient assets to pay benefits when due. The purpose of the chart is to establish a consistent method for analyzing and making comparisons among different public retirement systems.

Teachers' Retirement System
(Amounts in Millions)

Date of Latest Actuarial Valuation	6/30/88	6/30/87
Pension Benefit Obligation	$4,601	$4,134
Net assets available for benefits, at cost	4,716	4,195
Assets in Excess of (Unfunded) Pension Benefit Obligation	$ 115	$ 61
Percentage Funded	102.5%	101.5%
Annual Covered Payroll	$2,061	$1,983
Assets in Excess of (Unfunded) Pension Benefit Obligation as a % of Covered Payroll	5.6%	3.1%

Employees' Retirement System
(Amounts in Millions)

Date of Latest Actuarial Valuation	9/30/88	9/30/87
Pension Benefit Obligation	$2,148	$1,845
Net assets available for benefits, at cost	2,196	1,960
Assets in Excess of (Unfunded) Pension Benefit Obligation	$ 48	$ 115
Percentage Funded	102.2%	106.2%
Annual Covered Payroll	$1,108	$1,048
Assets in Excess of (Unfunded) Pension Benefit Obligation as a % of Covered Payroll	4.4%	11.0%

Judicial Retirement Fund
(Amounts in Millions)

Date of Latest Actuarial Valuation	9/30/88	9/30/87
Pension Benefit Obligation	$ 83	$ 78
Net assets available for benefits, at cost	69	60
Assets in Excess of (Unfunded) Pension Benefit Obligation	$ (14)	$ (18)
Percentage Funded	82.8%	77.3%
Annual Covered Payroll	$ 15	$ 15
Assets in Excess of (Unfunded) Pension Benefit Obligation as a % of Covered Payroll	(92.2%)	(113.9%)

B. The Alabama State Docks

The State Docks (an Enterprise Fund) administers two retirement plans for the benefit of the employees of the Alabama State Docks. All of the salaried employees of the State Docks participate in the Employees' Retirement System discussed in part (A).

1. Plan Description

The Alabama State Docks administers a single-employer, defined benefit pension plan, the Hourly Paid Alabama State Docks Department Workers Retirement Plan (Hourly Plan). All of the State Docks' hourly employees, other than employees of the Terminal Railway, participate in the Hourly Plan.

The Alabama State Docks administers a defined benefit pension plan, the Terminal Railway Alabama State Docks Department Workers Supplemental Retirement Plan (Railway Plan). All of the State Docks' Terminal Railway employees who work at least one day per month for at least seven months participate in the Railway Plan.

Current membership in the two plans is as follows:

	Hourly Plan	Railway Plan
Current employees:		
Vested	71	5
Nonvested	186	117
Terminated employees Vested	53	0
Retirees and beneficiaries currently receiving benefits	80	56

Hourly Plan employees becoming eligible for Social Security and having completed 15 years of service are entitled to annual benefits of $200 to $450 a month depending upon length of service. Active employees who become disabled after completion of 15 years of service and are eligible for Social Security benefits receive disability benefits which are calculated under the same methods used for normal service retirement benefits. If an employee with at least 20 years of service leaves before his/her normal retirement date, he/she will be entitled to a monthly benefit deferred to the date on which they become eligible for Social Security determined in accordance with the normal service retirement benefits.

Terminal Railway employees attaining the age of 62 and completion of 10 years of service or age 60 and completion of 30 years of service are entitled to benefits of $50 to $157.50 a month depending upon length of service. Active employees who become disabled after completion of 10 years of service and eligible for disability benefits under the Railroad Retirement Act receive disability benefits which are calculated under the same methods used for normal service retirement benefits.

If an employee leaves before meeting one of the above retirement criteria, he/she is not entitled to any benefits.

2. Funding Status and Progress

The pension benefit obligation of the Hourly Plan was computed as part of an actuarial valuation performed as of January 1, 1989. Significant actuarial assumptions used in the valuation include a rate of return on the investment of present and future assets of 7.0 percent a year compounded annually. No significant changes in the pension benefit obligation resulting from any change in actuarial assumptions or benefit provisions occurred between the actuarial valuation performed as of January 1, 1988 and January 1, 1989. The unfunded pension benefit obligation of the Hourly Plan at January 1, 1989 (date of latest actuarial valuation available) was as follows:

Hourly Plan Pension Benefit Obligation

Pension Benefit Obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$3,295,934
Current employees:	
Employer-financed vested	1,611,687
Employer-financed nonvested	824,933
Total pension benefit obligation	**5,732,554**
Net assets available for benefits (at market)	1,625,318
Unfunded pension benefit obligation	**$4,107,236**

The pension benefit obligation of the Railway Plan was computed as part of an actuarial valuation performed as of January 1, 1989. Significant actuarial assumptions used in the valuation include a rate of return on the investment of present and future assets of 7 percent a year compounded annually. No significant changes in the pension benefit obligation resulting from any change in actuarial assumption or benefit provisions occurred between the actuarial valuation performed as of January 1, 1988 and January 1, 1989. The unfunded pension benefit obligation of the Railway Plan at January 1, 1989 (date of latest actuarial valuation available) was as follows:

Railway Plan Pension Benefit Obligation

Pension Benefit Obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$ 682,275
Current employees:	
Employer-financed vested	82,518
Employer-financed nonvested	514,298
Total pension benefit obligation	**1,279,091**
Net assets available for benefits (at market)	155,842
Unfunded pension benefit obligation	**$1,123,249**

3. Contributions Required and Contributions Made

The actuarially determined contributions to the Hourly Plan during fiscal 1989 were $406,515 which represented 7 percent of the payroll for employees covered by the Hourly Plan. State Docks' funding policy provides for actuarially determined annual contributions which include the normal cost and the amortization of the unfunded actuarial accrued liability as of January 1, 1984 over 40 years. The significant actuarial assumptions used to compute the actuarially determined contributions are the same as those used to compute the pension benefit obligation described above. No significant changes occurred in actuarial assumptions, actuarial funding methods and benefit provisions between the actuarial valuations performed as of

January 1, 1988 and 1989. Until 1984, State Docks funded the benefits on a pay-as-you-go basis which resulted in the accrued benefit obligation being recorded in the State Docks' financial statements. The accrued benefits obligation related to the Hourly Plan was $3,186,873 at September 30, 1989.

State Dock's contributions to the Railway Plan during fiscal 1989 were $110,776 which represented 3.2 percent of the payroll for employees covered by the Railway Plan. The funding policy provides for actuarially determined annual contributions which include the normal cost and the amortization of the unfunded actuarial accrued liability as of January 1, 1984 over 40 years. The significant actuarial assumptions used to compute the actuarially determined contributions are the same as those used to compute the pension benefit obligation described above. No significant changes occurred in actuarial assumptions, actuarial funding methods and benefit provisions between the actuarial valuations performed as of January 1, 1988 and 1989. Until 1984, State Docks funded the benefits on a pay-as-you-go basis which resulted in an accrued benefit obligation being recorded in the State Docks' financial statements. The accrued benefit obligation related to the Railway Plan was $576,051 at September 30, 1989.

4. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. As of January 1, 1989, 1988, and 1987, available net assets were sufficient to fund 28.4 percent, 24.8 percent and 18.2 percent, respectively, of the pension benefit obligation of the Hourly Plan.

As of January 1, 1989, 1988, and 1987, available net assets were sufficient to fund 12.2 percent, 9.6 percent, and 7.5 percent, respectively, of the pension benefit obligation.

8 CONTINGENT LIABILITIES

A. Grants

The state receives federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the state but cannot be reasonably estimated at this time. It is believed that any liability resulting from a determination of noncompliance will not have a material, adverse effect on the state's financial condition.

B. Litigation

The state is named as a party in legal proceedings that occur in the normal course of governmental operations, some involving significant amounts. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the state with respect to the various proceedings. The Attorney General's Office has reviewed the status of pending lawsuits and reports that an adverse decision in any of the following cases may have an effect on the State's financial position.

On April 13, 1972, the United States District Court of the Middle District of Alabama issued two orders in Civil Action No. 3139-N, defining what the court determined to be minimum constitutional standards for Alabama's mental health facilities. As a consequence, the District Court stated that a receiver would be appointed to operate the entire State

mental health system. By an order dated January 15, 1980, the District Court appointed the Governor as temporary receiver of the entire mental health system for a period of not less than one year and required the Governor to execute and implement the plan of compliance. Substantial progress has been made in implementing the plan of compliance. As a result of the progress made by the State toward improvement of its mental health facilities, the United States District Court issued a consent decree on September 22, 1986, which had the effect of abolishing the receivership of the system, terminating the Court's active supervision and returning control of the system to the department.

In an action filed in 1988, the United States District Court alleges that the State is required, but has failed, to pay for psychiatric evaluation and treatment of pretrial detainees incarcerated in county facilities. Should the position asserted by the plaintiffs in the pending litigation or in any similar subsequent litigation prevail, the State may be required to incur substantial payments for these evaluation and treatment services.

The State is involved in litigation that alleges that the Department of Human Resources has failed to comply with minimum constitutional standards for the care and custody of emotionally disturbed children and children with behavioral disorders. Should the position asserted by the plaintiffs in the pending litigation or in any similar subsequent litigation prevail, the State may be required to incur substantial payments for the care and custody of these children.

The State is involved in an action filed in January 1984, in which the plaintiffs have alleged that the defendants have engaged in illegal discriminatory hiring practices under Title VII of the Civil Rights Act of 1964, as amended. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the State with respect to these proceedings.

Several out of state insurance companies have consolidated their actions challenging the constitutionality of the State's premium tax laws and demanding a refund of premium taxes for the years 1977-1980. During this litigation period, the plaintiffs have continued to make timely payments of all premium taxes due by State law, under protest. The State is not placing any premium tax revenues in escrow pending final determination of the case. Should the position asserted by the plaintiffs in the pending litigation or in any similar subsequent litigation prevail, the State may be required to make substantial refunds to foreign insurance companies doing business in the state. Also, the State may lose a major source of revenue in subsequent years if new legislation conforming to the court decision is not enacted.

On July 7, 1989, the Circuit Court ruled that the Alabama Foreign Corporation Franchise Tax Act is unconstitutional under the United States Constitution and in August ruled that the decision had only prospective application. Subsequent to September 30, 1989, on appeal, the decision was overturned.

The State is involved in litigation in which the plaintiffs have alleged that State taxation of federal retirees at a higher rate than the taxation of non-federal retirees is unconstitutional under the United States constitution. Should the position asserted by the plaintiffs in the pending litigation or in any similar subsequent litigation prevail, the State may be required to make substantial refunds to classes of pensioners and may lose a source of revenue in subsequent years if new legislation conforming to the court decision is not enacted.

9 LONG-TERM DEBT

The State finances many of its major capital needs by issuing bonds. Some of this debt is general obligation debt backed by the full faith and credit of the State. Much of the debt is limited obligation debt that is the obligation of public corporations and authorities of the State. The State issues serial and term bonds and capital appreciation bonds. Capital appreciation bonds are sold at a substantial discount and do not pay any interest until the bonds mature. Based on the original offering price, the bonds increase in value as semi-annual interest is earned and is compounded from the original issuance date to the date of maturity. The issuance of this type bond postpones the cash flow until the bonds mature or are called. The increase in the value of the bonds is reported as bond accretion.

General Obligation Bonds The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the State are pledged for the payment of the bonds.

The following schedule details the annual funding requirements necessary to amortize the General Obligation Bonds including accrued accreted interest on capital appreciation bonds. The schedule includes Capital Improvement Bonds, Coosa Waterways Bonds, Corrections Institution Bonds, Docks Facilities Bonds, Parks Bonds, Tennessee Tombigbee Waterways Bonds, and Music Hall of Fame Bonds. Principal and interest requirements for the current year totalled $29,938,121 and $43,161,541, respectively.

GENERAL OBLIGATION BONDS
Debt Service Requirement to Maturity

Maturity Date	Principal	Interest	Total
1990	32,055,000	37,212,971	69,267,971
1991	37,240,000	34,349,494	71,589,494
1992	35,010,000	31,102,436	66,112,436
1993	37,565,000	27,886,201	65,451,201
1994	40,325,000	24,958,555	65,283,555
1995-2008	404,764,000	299,804,984	704,568,984
Total	586,959,000	455,314,641	1,042,273,641

Limited Obligation Bonds The Legislature (through enabling legislation) and the Governor (by executive order) have created public corporations and authorities of the State for the purpose of financing certain projects and programs such as public highways, public educational facilities, judicial facilities, student loans, single and multi-family housing, and agricultural development loans. The obligations of such public corporations and authorities are not obligations of the State but are limited obligations of the issuer, payable solely from the revenues pledged for the obligations of each such issuer including, in some cases, earmarked tax revenues and, in other cases, revenues from the projects or programs financed. The schedules below present the outstanding limited obligation bonds at September 30, 1989 including accrued accreted interest on capital appreciation bonds.

The Alabama Public School and College Authority (APSCA) is authorized to issue bonds to construct and improve public buildings used for educational purposes. Revenue from the sales and use taxes, the leasing tax, and the utilities gross receipts and use taxes are pledged for the payment of these bonds. The following schedule details the annual funding requirements necessary to amortize bonds issued by APSCA.

ALABAMA PUBLIC SCHOOL AND COLLEGE AUTHORITY
Debt Service Requirements to Maturity

Maturity Date	Principal	Interest	Total
1990	31,275,000	33,645,090	64,920,090
1991	33,445,000	31,442,854	64,887,854
1992	35,855,000	29,028,603	64,883,603
1993	38,525,000	26,376,178	64,901,178
1994	41,470,000	23,458,668	64,928,668
1995-2006	329,472,997	151,290,860	480,763,857
Total	510,042,997	295,242,253	805,285,250

The Alabama Industrial Access Road and Bridge Authority is authorized to issue bonds to finance the construction of industrial access roads and bridges in the state. Revenues from gasoline, motor fuel, and lubricating oil taxes are pledged for the payment of these bonds. The following schedule details the annual funding requirements necessary to amortize bonds issued by the authority.

ALABAMA INDUSTRIAL ACCESS
ROAD AND BRIDGE AUTHORITY
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1990	5,255,000	1,590,708	6,845,708
1991	5,535,000	1,264,897	6,799,897
1992	4,445,000	916,193	5,361,193
1993	4,725,000	631,712	5,356,712
1994	5,030,000	326,950	5,356,950
Total	24,990,000	4,730,460	29,720,460

The Alabama Trade School and Junior College Authority is authorized to issue bonds to finance the construction and improvement of trade schools and junior colleges. Revenue from the tax on malt or brewed beverages is pledged for the payment of these bonds. The following schedule details the annual funding requirements necessary to amortize bonds issued by the authority.

ALABAMA TRADE SCHOOL AND
JUNIOR COLLEGE AUTHORITY
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1990	1,620,000	123,750	1,743,750
1991	1,680,000	63,000	1,743,000
Total	3,300,000	186,750	3,486,750

The Alabama Highway Authority issues bonds that are limited obligations of the Authority and are for the purpose of financing the construction of public roads and bridges. Revenues from the proceeds of motor vehicle licenses, gasoline taxes, motor fuel taxes, motor carrier taxes, petroleum inspection fees, and liquefied petroleum gas permit fees are pledged for the payment of these bonds. The following schedule details the annual funding requirements necessary to amortize bonds issued by the authority.

ALABAMA HIGHWAY AUTHORITY
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1990	16,160,000	4,201,890	20,361,890
1991	11,865,000	2,988,010	14,853,010
1992	4,395,000	2,310,272	6,705,273
1993	5,610,000	1,920,695	7,530,695
1994	5,785,000	1,458,888	7,243,888
1995-1998	29,717,071	15,862,061	45,579,132
Total	73,532,071	28,741,816	102,273,887

The State Industrial Development Authority issues bonds for the purpose of financing projects that promote the industrial development of the State. Revenues from cigarette and tobacco taxes are pledged for the payment of these bonds. The following schedule details the annual funding requirements necessary to amortize bonds issued by the authority.

STATE INDUSTRIAL DEVELOPMENT AUTHORITY
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1990	2,085,000	1,095,080	3,180,080
1991	1,715,000	942,060	2,657,060
1992	1,870,000	793,536	2,663,536
1993	1,555,000	659,529	2,214,529
1994	1,065,000	557,008	1,622,008
1995-1999	5,710,000	1,281,133	6,991,133
Total	14,000,000	5,328,346	19,328,346

The Alabama Agricultural Markets and Coliseum Corporation issues bonds for the purposes of funding the construction of a market facility and the renovation of the Garrett Coliseum located in Montgomery. These bonds are secured by a pledge of all rents, leases, charges or other net revenues derived from leases of the market facility, and the pledge of petroleum products inspection fees. The following schedule details the annual funding requirements necessary to amortize bonds issued by the corporation.

ALABAMA AGRICULTURAL MARKETS AND COLISEUM CORPORATION
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1990	400,000	407,570	807,570
1991	430,000	378,770	808,770
1992	460,000	346,950	806,950
1993	495,000	311,300	806,300
1994	535,000	271,700	806,700
1995-1998	2,625,000	598,160	3,223,160
Total	4,945,000	2,314,450	7,259,450

The Alabama Corrections Institution Finance Authority issues bonds for the purposes of acquiring land and constructing correctional institutions. The bonds are payable solely out of revenues derived from payments under a lease agreement between the authority and the Department of Corrections. The following schedule details the annual funding requirements necessary to amortize bonds issued by the authority.

ALABAMA CORRECTIONS INSTITUTION FINANCE AUTHORITY
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1990	1,455,000	3,415,655	4,870,655
1991	1,550,000	3,310,895	4,860,895
1992	1,655,000	3,199,295	4,854,295
1993	1,775,000	3,080,135	4,855,135
1994	1,900,000	2,952,335	4,852,335
1995-2006	37,795,000	20,980,665	58,775,665
Total	46,130,000	36,938,980	83,068,980

The Alabama Mental Health Finance Authority issues bonds for the acquisition, construction, improvement and equipping of mental health facilities. Revenues from certain tobacco and liquor taxes are pledged for the payment of principal and interest on these bonds. The following schedule details the annual funding requirements necessary to amortize bonds issued by the authority.

ALABAMA MENTAL HEALTH FINANCE AUTHORITY
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1990	1,140,000	5,134,388	6,274,388
1991	1,625,000	4,655,469	6,280,469
1992	1,745,000	4,535,625	6,280,625
1993	1,875,000	4,406,931	6,281,931
1994	2,010,000	4,268,650	6,278,650
1995-2009	55,870,000	38,335,250	94,205,250
Total	64,265,000	61,336,313	125,601,313

The Alabama Housing Finance Authority issues bonds that are limited obligations of the Authority, and are not a debt or liability of the State of Alabama or any subdivision thereof. Each bond issue is secured, as described in the applicable Trust Indenture, by all revenues, monies, investments, mortgage loans and other assets in the funds and accounts of the program. Substantially all of the Authority's assets are pledged as security for the bonds. Interest on the various bond issues is payable periodically, except for capital appreciation bonds, on which interest is compounded and payable at maturity or upon redemption. Principal payments on bonds after 1989 are scheduled as follows.

ALABAMA HOUSING FINANCE AUTHORITY
Principal Requirements to Maturity
(Amounts in Thousands)

Maturity Date	Principal†
1990	16,740
1991	18,268
1992	23,984
1993	22,362
1994	25,094
1995-2021	1,731,071
Less: Unamortized Discount	(642,687)
Amount due within one year	(16,740)
Total	$1,178,092

† Interest payments for these bonds are not available.

Revenue Bonds The State also issues bonds where the state pledges the income derived from acquired or constructed assets to pay debt service. The schedules below present the outstanding revenue bonds at September 30, 1989 including accrued interest on capital appreciation bonds.

The Alabama Building Finance Authority issued bonds for the renovation of the Alabama State House, formerly the State Highway Building. Revenue from rentals and other revenue derived from the building are pledged for the payment of such bonds. The following schedule details the annual funding requirements necessary to amortize bonds issued by the authority.

ALABAMA BUILDING FINANCE AUTHORITY
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1990	226,000	18,080	244,080
1991	226,000	9,040	235,040
Total	452,000	27,120	479,120

The Alabama State Docks (ASD) has issued the following revenue bonds. The Docks Facilities Revenue Refunding Bonds, Series 1988 mature from October 1, 1989 through October 1, 2012. The Bonds are secured by all the gross revenues of ASD derived from charges made by ASD for all services provided. The pledge of the Docks Facilities revenues for the payment of the Series 1988 Bonds is subject to the prior pledge of a portion of such Docks Facilities revenues to the payment on the Series 1985 Bonds. The Coal Revenue Refunding Bonds mature from October 1, 1986 through October 1, 2005. The bonds are secured by revenues derived from ownership and operation of the coal handling facilities.

ALABAMA STATE DOCKS
Debt Service Requirements to Maturity
(Amounts in Thousands)

Maturity	Principal	Interest	Total
1991	3,085	8,114	11,199
1992	3,360	7,812	11,172
1993	3,660	7,473	11,133
1994	4,000	7,093	11,093
1995-2012	107,642	103,123	210,765
Total	121,747	133,615	255,362
Less:			
Unamortized Discount	(1,596)		
Amount due within 1 year	(300)		
Total	119,851	133,615	255,362

The Tennessee Valley Exhibit Commission has issued bonds for the purpose of funding the Tennessee Valley Exhibit Center. These revenue bonds are not backed by the full faith and credit of the State. The principal and interest requirements on these bonds are payable from the revenue of the commission and from the in lieu of taxes payments made to the State by the Tennessee Valley Authority, only if the revenues are insufficient to pay the bond obligations.

TENNESSEE VALLEY EXHIBIT COMMISSION
Debt Service Requirement to Maturity

Maturity	Principal	Interest	Total
1990	90,000	264,950	354,950
1991	95,000	258,650	353,650
1992	100,000	252,000	352,000
1993	110,000	245,000	355,000
1994	115,000	237,300	352,300
1995-2008	2,910,000	2,047,218	4,957,218
Total	3,420,000	3,305,118	6,725,118

Advance Refunded Bonds Advance refunding bonds are bonds that are issued to retire an existing bond issue or portion of an issue. A portion of the proceeds from the sale of the refunding bonds is deposited with an escrow agent according to an escrow trust agreement and invested by the escrow agent in certain U.S. Treasury obligations in such amounts with certain maturities to provide sufficient funds to pay the remaining maturing principal and interest on the refunded bonds as they become due. The refunded bond debt is considered to be retired for financial reporting purposes, even though the debt is still legally outstanding and the issuer of the bonds has not been released from the debt obligations. The U.S. Treasury obligations constitute a trust fund to be held by the escrow agent for the benefit of the holders of the refunded bonds.

On August 31, 1989, the State issued General Obligation Refunding Bonds, Series 1989, in the amount of $124,908,999.65. The refunding bonds were issued to refund portions of the 1982 General Obligation Bonds ($9,000,000 principal) and General Obligation Refunding Bonds, Series 1983 ($63,040,000, principal). The State incurred an arbitrage penalty in the amount of $1,000,000 with the Internal Revenue Service in issuing these bonds. An analysis of the cash flow requirements to service the old and new debt prepared by the underwriters was determined to result in an "Economic Gain" of approximately $382,000.

During 1989, Alabama State Docks issued $99,997,490 of tax exempt Docks Facilities Revenue Refunding Bonds, Series 1988 to partially refund (through a defeasance) the outstanding Coal Revenue Refunding Bonds, Series 1985. Approximately $84,825,000 of the $110,615,000 remaining principal balance on the Series 1985 bonds was refunded. This refunding led to the recognition of an extraordinary loss on refunding.

Although the advance refunding resulted in the recognition of an accounting loss of $16,175,744 and increased its aggregate debt service payments by $42,286,520 over the next 23 years, State Docks obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately $2,472,212. Proceeds from the sale of the refunding bonds, together with other available funds, were placed in an irrevocable escrow with a trustee to provide for all future debt service on the refunding bonds.

Defeased Bonds

At September 30, 1989 the following bonds are considered defeased:

General Long-Term Debt:	Principal
1982 General Obligation Bonds	
Series A	$187,260,000
Series B	176,965,000
1970 Alabama Highway Authority	
Highway Bridge Bonds	41,800,000
1984 Alabama Highway Authority	
Series B (Fortion Refunded)	39,165,000
Alabama Public School	
and College Authority	
Series S & T	72,800,000
Series K-Q	128,950,000
1983 General Obligation Bonds	
Series A	63,040,000
Series B	38,505,000
Proprietary Fund Debt:	
Alabama State Docks--Seaport Facility	
Revenue Bonds	
Series 1972 and 1978	18,540,000
Alabama State Docks--Coal Revenue	
Refunding Bonds	
Series 1985	87,680,000

FINANCIAL SECTION
Combining and Individual Fund and Account Group Financial Statements

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Special Revenue Funds	*65*
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General Fund

The General Fund accounts for all governmental resources except those that are required to be accounted for in another fund.

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
General Fund

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	1989	1988
REVENUES		
General Sales & Use Taxes	20,159	-
Property Taxes	40,623	35,430
Insurance Companies	107,926	157,348
Liquor Taxes and Licenses	42,781	34,617
Cigarette & Tobacco Taxes	24,498	25,496
Corporation Tax	59,425	64,392
Public Utilities	9,271	9,139
Tennessee Valley Authority	10,434	10,158
Leasing/Renting Personal Property Tax	19,899	-
Oil & Gas Production Taxes	36,068	24,875
Documentary Filing Tax	26,147	16,905
Inheritance Tax	11,441	15,393
Lodgings Tax	9,609	-
Miscellaneous Taxes	12,090	6,545
Court Cost Taxes, Fees, Fines	30,926	28,760
Drivers License Fees	20,192	16,189
Motor Vehicle License	30,055	29,626
Hazardous Waste Fees	4,834	-
Interest	56,406	52,221
Other Revenues	13,393	17,340
Total Revenues	**586,177**	**544,434**
EXPENDITURES		
Economic Development	7,252	6,165
Educational & Cultural	6,163	3,380
Natural Resources and Recreation	2,429	1,693
Health - Physical and Mental	91,411	79,308
Social Services	8,129	6,727
Protection of Persons and Property	77,302	70,390
General Government	137,728	120,323
Total Expenditures	**330,414**	**287,986**
Revenues Over (Under) Expenditures	**255,763**	**256,448**
OTHER FINANCING SOURCES (USES)		
ABC Profits	9,334	11,081
Heritage and Alabama Trust Fund Interest	106,177	95,631
Other Transfers In	10,269	13,611
Operating Transfers Out	(393,470)	(374,149)
Total Other Financing Sources (Uses)	**(267,690)**	**(253,826)**
Revenues and Other Sources Over (Under) Expenditures and Other Uses	**(11,927)**	**2,622**
Beginning Fund Balance, October 1	43,704	41,080
Ending Fund Balance, September 30	**31,777**	**43,702**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCE BUDGET AND ACTUAL - *BUDGETARY BASIS*

General Fund

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes:				
Insurance Company Taxes	110,838	110,838	107,926	(2,912)
Corporation Taxes	66,000	66,000	59,438	(6,562)
ABC Liquor Taxes	42,737	42,737	40,321	(2,416)
Property Taxes	38,066	38,066	40,623	2,557
Cigarette Tax	25,000	25,000	24,498	(502)
Oil & Gas Production Tax	37,500	37,500	36,068	(1,432)
Leasing/Renting Personal Property Tax	18,960	18,960	19,899	939
Sales Tax	19,400	19,400	19,634	234
Documentary Taxes	29,158	29,158	26,103	(3,055)
Other Taxes	55,159	55,159	55,312	153
Licenses, Fees, and Permits				
Motor Vehicle Licenses	30,000	30,000	30,053	53
Court Costs Licenses	19,720	19,720	17,627	(2,093)
Other Licenses, Permits, and Fees	38,847	38,847	37,052	(1,795)
Fines and Forfeits	12,274	12,274	10,977	(1,297)
Interest - State Deposits	40,500	40,500	56,406	15,906
Other	19,141	19,141	16,016	(3,125)
Total Revenues	**603,300**	**603,300**	**597,953**	**(5,347)**
EXPENDITURES				
Economic Development	7,259	7,259	7,222	37
Educational & Cultural	5,887	6,563	6,19	372
Natural Resources & Recreation	1,924	2,419	2,41	0
Health - Physical & Mental	88,455	91,988	91,979	9
Social Services	6,974	7,108	6,941	167
Protection of Persons and Property	78,417	81,017	80,231	786
General Government	133,210	141,823	139,771	2,052
Total Expenditures	**322,126**	**338,177**	**334,754**	**3,423**
Revenues Over (Under) Expenditures	**281,174**	**265,123**	**263,199**	**(1,924)**
OTHER FINANCING SOURCES (USES)				
Interest - Alabama Trust Fund	42,000	42,000	45,321	3,321
Interest - Heritage Trust Fund	55,000	55,000	60,857	5,857
ABC Profits	9,990	9,990	9,334	(656)
Appropriated Operating Transfers Out	(402,184)	(403,011)	(392,683)	10,328
Total Other Financing Sources (Uses)	**(295,194)**	**(296,021)**	**(277,171)**	**18,850**
Revenues and Other Sources Over (Under) Expenditures and Other Uses	**(14,020)**	**(30,898)**	**(13,972)**	**16,926**
Unreserved Fund Balance, Oct 1, 1988	32,666	32,666	32,666	-
Unreserved Fund Balance, Sept 30, 1989	**18,646**	**1,768**	**18,694**	**16,926**

BALANCE SHEET SCHEDULE
COMPARISON OF REPORTED BASIS AND BUDGETARY BASIS
Budgetary General Fund

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Reported Basis	Eliminations	Budgetary Basis
ASSETS			
Cash	42,678	3,777	38,901
Due From Other Governments	1	1	-
Due From Other Funds	11,787	11,787	-
Accounts Receivable (net)	18	18	-
Other Assets	1	1	-
Total Assets	**54,485**	**15,584**	**38,901**
LIABILITIES AND FUND EQUITY			
Liabilities			
Warrants Payable	3,777	3,777	-
Due To Other Governments	451	-	451
Due To Other Funds	699	12	687
Accounts Payable	10,013	9	10,004
Salaries Payable	7,768	7,768	-
Total Liabilities	**22,708**	**11,566**	**11,142**
Fund Equity			
Fund Balance:			
Reserved for Encumbrances	3,156	-	3,156
Reserves, Designated	619	-	619
Other Reserves	5,291	1	5,290
Unreserved Fund Balance	22,711	4,017	18,694
Total Fund Equity	**31,777**	**4,018**	**27,759**
Total Liabilities and Fund Equity	**54,485**	**15,584**	**38,901**

RECONCILIATION OF BUDGETARY FUND BALANCE TO REPORTED FUND BALANCE
Budgetary General Fund

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

Fund Balance, Budgetary Basis	**27,759**
Add (Deduct)	
Accrued Revenues:	
Taxes, Licenses, Profits Due From ABC Enterprise Fund	11,662
Operating Transfer Due From Alabama Trust Fund	112
Miscellaneous Interfund Receivables	13
Due From Other Governments	1
Accounts Receivable	18
Other Assets	1
Decrease in Cash Balance for Unredeemed Warrants	3,777
Accrued Expenditures:	
Salaries Payable	(7,768)
Due To Other Funds	(12)
Accounts Payable	(9)
Warrants Payable	(3,777)
Fund Balance, as reported on Combined Balance Sheet	**31,777**

STATE OF ALABAMA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE - *BUDGETARY BASIS*
General Fund

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

REVENUES	
Corporation Taxes	59,438
Documentary Taxes	26,147
General Property Taxes	40,618
Gross Receipts Business Taxes	151,506
Excise, Sales & Use Taxes	74,990
Other Taxes	51,176
Business Licenses, Permits, Fees	84,797
Fines & Forfeits	10,911
Other Revenues	212,374
TOTAL REVENUES	**711,957**
EXPENDITURES	
Agricultural & Industrial Exhibit Commission	50
Unified Judicial System	65,689
Finance Department	9,990
Health Department	29,211
Industrial Relations Department	1,210
Military Department	3,302
Public Safety	47,835
Board of Equalization	108
Legislature	10,139
Archives & History	2,613
Examiners of Public Accounts	9,131
Attorney General	593
State Auditor	891
State Oil & Gas Board	2,353
Court of Civil Appeals	1,161
Court of Criminal Appeals	1,856
Geological Survey	2,237
Governor's Office	3,663
Insurance Department	1,646
Labor Department	303
Legislative Fiscal Office	905
Legislative Reference and Council	1,462
Board of Pardons & Paroles	9,436
Secretary of State	1,531
Supreme Court and Library	4,613
Forensic Sciences	6,843
State Treasurer	1,822
Veteran's Affairs	5,899
Special Appropriations	7,756
Foreign Trade Commission	95
Judicial Retirement - State Share	1,525
Finance - Feeding of Prisoners	3,134
Finance - Election Expenses	2,915
Finance - Miscellaneous Accounts	4,526
District Attorneys	13,168
Special Commissions	1,137
Soil & Water Conservation	1,197

Sports Hall of Fame	140
Previous Years' Unpaid Warrants	172
Agriculture Center Board - Fairs	157
Alabama Trust Fund Administrative	81
Mental Health	62,164
Youth Services	2,923
Education Dept - Rehabilitation	1,731
Alabama Law Institute	340
Postsecondary Education	1,550
Interfund Transfers:	
Armory Commission Transfers	3,334
Agriculture & Industries	9,098
Department of Corrections	113,931
Attorney General	6,678
Alabama Development Office - Operations	5,041
Economic & Community Affairs	8,827
Forestry Commission	12,702
Environmental Management	5,345
Criminal Justice Information Center	2,929
Commission on Aging	3,078
Medicaid	114,990
Human Resources	20,255
Conservation	1,541
Emergency Management	1,097
Historical Commission	1,341
Tourism & Travel	1,516
Agriculture & Conservation Development Comm	2,150
Bonded Indebtedness	68,476
Other State Agencies	10,356
TOTAL EXPENDITURES	**723,884**
Revenues Over (Under) Expenditures	**(11,927)**
Cash Balance, October 1, 1988	50,828
Cash Balance, September 30, 1989	**38,901**
Less: Reserved for Obligations	20,207
Available Cash Balance, September 30, 1989	**18,694**

Special Revenue Funds

Special revenue funds account for specific revenue sources that are restricted to finance particular functions and activities of the State. The individual Special Revenue Funds of the State are combined on a functional basis according to the type of activity.

Alabama Special Education Trust Fund (ASETF) accounts for the revenues and expenditures associated with public education.

Public Road and Bridge Fund accounts for the revenues and expenditures associated with highway construction, maintenance, and operations.

Medicaid Fund accounts for revenues and expenditures associated with the provision of nursing home care, hospital care, and physician services for those eligible for Medicaid benefits.

Human Resources Fund accounts for revenues and expenditures associated with the administration of programs to provide financial assistance, such as the Aid to Dependent Children program, and a broad range of social and protective services.

Public School Fund accounts for revenues and expenditures which are allocated to local boards of education for support of educational programs.

Education Department-Federal Programs accounts for federal monies received by the State to support educational programs for elementary and secondary education and rehabilitation and crippled children services.

Economic and Community Affairs Fund accounts for revenues and expenditures related to energy management, skills enhancement and employment opportunities, traffic control and accident prevention, and state and regional planning.

Corrections Fund accounts for revenues and expenditures associated with the administration of penal and correctional institutions and related activities in the State.

Mental Health Fund accounts for revenues and expenditures related to the provision and care of those who suffer from mental illness, mental retardation, and substance abuse.

Public Health Fund accounts for resources used in the promotion of general physical health. This includes the enforcement of laws relating to public health as well as programs providing preventive and treatment services to the public.

Revenues Allocated to Local Governments accounts for revenues from gasoline taxes, motor vehicle licenses, TVA payments, and other revenue sources which are shared with local governments.

Other Special Revenue Funds are aggregated for reporting purposes and account for various other revenues which must be used for specific purposes. This category includes programs for environmental protection, game and fish conservation, agricultural product inspections, and management of state forests.

COMBINING BALANCE SHEET
Special Revenue Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Special Education Trust Fund	Public Road and Bridge Fund	Medicaid	Human Resources	Public School Fund
ASSETS					
Cash	26,392	131,732	1,569	16,159	12,875
Due From Other Governments	-	4,744	-	6,807	-
Due From Other Funds	-	24	1,466	7,384	-
Interest & Dividends Receivable	-	-	-	-	-
Accounts Receivable (net)	-	24	-	-	-
Investments	-	-	-	-	-
Inventory	-	11,746	-	-	-
Food Stamps On Hand	-	-	-	87,683	-
Other Assets	-	-	-	-	-
Total Assets	**26,392**	**148,270**	**3,035**	**118,033**	**12,875**
LIABILITIES AND FUND EQUITY					
Liabilities					
Warrants Payable	8,398	1,924	156	2,845	6,176
Due To Other Governments	6,333	-	15	9	6,699
Due To Other Funds	94	33	938	896	-
Accounts Payable	7,592	74,422	328	8,074	-
Salaries Payable	2,003	5,982	508	6,179	-
Amounts To Be Distributed	-	-	-	-	-
Contractor's Retainage Held in Custody	-	16,632	-	-	-
Deferred Revenue	-	1,046	-	-	-
Food Stamps To Be Distributed	-	-	-	87,683	-
Total Liabilities	**24,420**	**100,039**	**1,945**	**105,686**	**12,875**
Fund Equity					
Fund Balance:					
Reserved for Encumbrances	3,975	12,429	40	2,625	-
Reserved for Inventories	-	11,746	-	-	-
Reserved for Specific Purposes	-	19,264	-	-	-
Unreserved, Undesignated	(2,003)	4,792	1,050	9,722	-
Total Fund Equity	**1,972**	**48,231**	**1,090**	**12,347**	**0**
Total Liabilities and Fund Equity	**26,392**	**148,270**	**3,035**	**118,033**	**12,875**

Education Department Federal Programs	Economic and Community Affairs	Corrections	Mental Health	Public Health	Revenues Allocated to Local Governments	Other Special Revenue Funds	Totals
26,695	6,292	8,611	14,639	16,704	14,929	125,898	402,495
304	4,734	86	-	-	-	2,602	19,277
-	13	85	2,445	-	28	4,374	15,819
-	16	-	-	-	-	-	16
-	1	1	-	-	-	81	107
-	19,851	-	13,409	-	-	38,538	71,798
-	-	4,682	3,313	-	-	333	20,074
-	-	-	-	-	-	-	87,683
-	287	-	-	-	-	-	287
26,999	**31,194**	**13,465**	**33,806**	**16,704**	**14,957**	**171,826**	**617,556**
7,536	2,336	629	9,859	2,100	370	7,175	49,504
2,517	-	-	-	-	14,587	605	30,765
558	38	-	-	-	-	2,533	5,090
13,977	147	-	757	963	-	12,003	118,263
1,245	431	4,296	-	3,070	-	9,283	32,997
-	-	-	-	-	-	1,636	1,636
-	-	-	-	-	-	-	16,632
-	3,877	-	-	-	-	335	5,258
-	-	-	-	-	-	-	87,683
25,833	**6,829**	**4,925**	**10,616**	**6,133**	**14,957**	**33,570**	**347,828**
2,034	3,623	7,493	10,844	1,957	-	10,386	55,406
-	-	4,682	3,313	-	-	333	20,074
-	19,851	-	407	-	-	-	39,522
(868)	891	(3,635)	8,626	8,614	-	127,537	154,726
1,166	**24,365**	**8,540**	**23,190**	**10,571**	**0**	**138,256**	**269,728**
26,999	**31,194**	**13,465**	**33,806**	**16,704**	**14,957**	**171,826**	**617,556**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Special Revenue Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Special Education Trust Fund	Public Road and Bridge Fund	Medicaid	Human Resources	Public School Fund
REVENUES					
Taxes	2,352,165	154,105	-	78,424	48,136
Licenses, Fees, Permits	358	112,001	-	-	-
Fines and Forfeits	-	-	18	-	22
Interest	-	-	646	147	181
Federal Grants & Reimbursements	-	307,030	407,651	136,160	-
Other	17,267	13,142	36,914	2,118	1,230
Total Revenues	**2,369,790**	**586,278**	**445,229**	**216,849**	**49,569**
EXPENDITURES					
Economic Development	-	-	-	-	-
Educational & Cultural	1,711,040	-	-	-	44,000
Natural Resources & Recreation	-	-	-	-	-
Health - Physical & Mental	8,027	-	564,453	-	-
Social Services	20,497	-	-	245,796	-
Protection of Persons & Property	10,990	-	-	-	-
Transportation	-	587,882	-	-	-
General Government	8,057	-	-	-	-
Distributions to Local Governments	-	-	-	-	-
Total Expenditures	**1,758,611**	**587,882**	**564,453**	**245,796**	**44,000**
Revenues Over (Under) Expenditures	**611,179**	**(1,604)**	**(119,224)**	**(28,947)**	**5,569**
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	145,921	81,282	2,116	1,191	47
Operating Transfers Out	(1,054)	(108,603)	(27)	(5,328)	(1,457)
Appropriated Transfers In (Out):					
General Fund	-	-	114,990	20,255	-
Special Education Trust Fund	(91,664)	-	-	-	533
Transfers to Higher Education	(672,017)	-	-	-	-
Total Other Financing Sources (Uses)	**(618,814)**	**(27,321)**	**117,079**	**16,118**	**(877)**
Revenues and Other Sources Over (Under) Expenditures and Other Uses	**(7,635)**	**(28,925)**	**(2,145)**	**(12,829)**	**4,692**
Fund Balance, October 1, 1988	9,607	77,156	3,235	25,176	(4,692)
Fund Balance, September 30, 1989	**1,972**	**48,231**	**1,090**	**12,347**	**0**

Education Department Federal Programs	Economic and Community Affairs	Corrections	Mental Health	Public Health	Revenues Allocated to Local Governments	Other Special Revenue Funds	Totals
1,061	-	-	98,334	3,713	212,298	57,448	3,005,684
337	-	-	-	1,660	22,253	50,437	187,046
-	-	-	-	-	-	3,419	3,459
1	1,703	-	-	-	-	4,092	6,770
322,095	119,856	245	70,450	68,414	-	94,533	1,526,434
464	21,746	3,360	6,761	22,839	-	26,309	152,150
323,958	**143,305**	**3,605**	**175,545**	**96,626**	**234,551**	**236,238**	**4,881,543**
-	-	-	-	-	-	36,289	36,289
270,802	-	-	-	-	-	22,817	2,048,659
-	-	-	-	-	-	27,418	27,418
-	-	-	178,577	101,020	-	16,178	868,255
57,137	57,343	-	-	-	-	71,278	452,051
-	5,366	118,596	-	4	-	67,990	202,946
-	-	-	-	-	-	892	588,774
-	66,258	-	-	-	-	68,358	142,673
-	-	-	-	-	232,775	-	232,775
327,939	**128,967**	**118,596**	**178,577**	**101,024**	**232,775**	**311,220**	**4,599,840**
(3,981)	**14,338**	**(114,991)**	**(3,032)**	**(4,398)**	**1,776**	**(74,982)**	**281,703**
5,007	7,562	145	2,250	2,645	3,505	25,967	277,638
(1,517)	(15,949)	(8,134)	-	(4,954)	(106)	(164,189)	(311,318)
-	8,827	113,931	-	-	-	61,289	319,292
-	-	1,328	-	4,513	-	71,943	(13,347)
-	-	-	-	-	-	-	(672,017)
3,490	**440**	**107,270**	**2,250**	**2,204**	**3,399**	**(4,990)**	**(399,752)**
(491)	**14,778**	**(7,721)**	**(782)**	**(2,194)**	**5,175**	**(79,972)**	**(118,049)**
1,657	9,587	16,261	23,972	12,765	(5,175)	218,228	387,777
1,166	**24,365**	**8,540**	**23,190**	**10,571**	**0**	**138,256**	**269,728**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCE BUDGET AND ACTUAL - *BUDGETARY BASIS*

Alabama Special Education Trust Fund

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes:				
Income Tax	1,145,000	1,145,000	1,221,810	76,810
General Sales Tax	779,000	779,000	769,343	(9,657)
Utility Tax	171,959	171,959	175,811	3,852
General Use Tax	92,330	92,330	96,615	4,285
Insurance Premium Tax	28,300	28,300	27,758	(542)
Renting/Leasing Personal Property Tax	13,000	13,000	13,113	113
Cigarette & Tobacco Tax	22,600	22,600	21,551	(1,049)
Telephone Companies Tax	8,700	8,700	9,109	409
Hydroelectric Companies Tax	350	350	107	(243)
Beer Tax	16,000	16,000	16,948	948
Chain Store Licenses	350	350	358	8
Employer Cost From Fed Funded Programs	12,000	12,000	15,278	3,278
Other	11,463	11,463	11,994	531
Total Revenues	**2,301,052**	**2,301,052**	**2,379,795**	**78,743**
EXPENDITURES				
Educational & Cultural	2,338,733	2,382,938	2,382,705	233
Health - Physical & Mental	8,656	8,027	8,027	-
Social Services	20,190	20,968	20,968	-
Protection of Persons and Property	12,806	12,134	12,134	-
General Government	8,131	8,131	8,131	-
Total Expenditures	**2,388,516**	**2,432,198**	**2,431,965**	**233**
Revenues Over (Under) Expenditures	**(87,464)**	**(131,146)**	**(52,170)**	**78,976**
OTHER FINANCING SOURCES (USES)				
Appropriated Operating Transfers Out	(54,701)	(57,410)	(57,410)	0
Revenues and Other Sources Over (Under) Expenditures and Other Uses	**(142,165)**	**(188,556)**	**(109,580)**	**78,976**
Unreserved Fund Balance, October 1, 1988	143,834	143,834	143,834	-
Unreserved Fund Balance, Sept 30, 1989	**1,669**	**(44,722)**	**34,254**	**78,976**

BALANCE SHEET SCHEDULE
COMPARISON OF REPORTED BASIS AND BUDGETARY BASIS
Alabama Special Education Trust Fund

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Reported Basis	Eliminations	Budgetary Basis
ASSETS			
Cash	**26,392**	**8,398**	**17,994**
LIABILITIES AND FUND EQUITY			
Liabilities			
Warrants Payable	8,398	8,398	-
Due To Other Governments	6,333	-	6,333
Due To Other Funds	94	-	94
Accounts Payable	7,592	-	7,592
Salaries Payable	2,003	2,003	-
Total Liabilities	**24,420**	**10,401**	**14,019**
Fund Equity			
Fund Balance			
Reserved for Encumbrances	3,975	-	3,975
Unreserved Fund Balance	(2,003)	(2,003)	-
Total Fund Equity	**1,972**	**(2,003)**	**3,975**
Total Liabilities and Fund Equity	**26,392**	**8,398**	**17,994**

RECONCILIATION OF BUDGETARY FUND BALANCE TO REPORTED FUND BALANCE
Alabama Special Education Trust Fund

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

Fund Balance, Budgetary Basis	**3,975**
Add (Deduct)	
Increase Cash for Unredeemed Warrants	8,398
Accrued Expenditures:	
Salaries Payable	(2,003)
Warrants Payable	(8,398)
Fund Balance, as reported on Combined Balance Sheet	**1,972**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE - *BUDGETARY BASIS*
Special Education Trust Fund

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

REVENUES	
General Sales Tax	769,343
General Use Tax	96,615
Income Tax	1,221,810
Utilities Tax	175,811
Insurance Companies	27,758
Tobacco & Cigarette Taxes	21,551
Beer Tax	16,948
Telephone Companies	9,109
Leasing/Renting Personal Property	13,113
Hydroelectric Companies	107
Chain Store License	35
Employer Cost from Federal Funds	15,278
Other Revenues	4,077
Transfer from ASETF Surplus Acct	143,833
TOTAL REVENUES	**2,515,711**
EXPENDITURES	
Transfers	36,410
Transfer to ASETF Surplus Account	34,254
Transfer to ASETF Proration Prevention Acct	21,000
Education	29,842
Minimum Program	1,295,246
Board of Education	7,108
Teacher In Service Centers	2,782
Postsecondary Education	143,084
Rehab & Crippled Children's Services	16,955
United Cerebral Palsy - Crippled Children	607
Finance - Telephone Revolving Fund - ATTNET	7,500
Vocational Education	2,039
Minimum Program - Handicapped Vocational Educ	1,335
Youth Services	14,332
Public Library Services	6,634
Veteran's Education Benefits	2,534
Mental Health - Lighthouse Program	8,027
Public Educ Employees Health Insur-State Share	107,573
Non-Education Special Schools	1,871
Scholarship Programs	1,025
Marine Environmental Consortium	1,056
Endowment Interest (Alabama, Auburn, Montevallo, Grove Hill)	117
Marion Institute	418
Lyman Ward Military Academy	195
East Ala Child Development Center	1,066
Local Sickle Cell Programs	242
Emergency Medical Service Education	1,601
Walker County Junior College	501
Talladega College	390
Tuskegee Institute	3,695
Children's Hospital - Birmingham	600

Ala Shakespeare Festival Theatre	750
Teachers' Retirement - State Share	162,123
Teachers' Special Pension	36,722
Social Security - State Share	11,585
State Employees' Retirement	438
Teachers' Retirement- Term Life	2,655
School of Fine Arts	1,000
Education Television Commission	3,955
Commission on Higher Education	7,965
Physical Fitness Commission	330
University of Alabama - Tuscaloosa	96,101
University of Alabama - Birmingham	117,180
University of Alabama - Huntsville	24,174
Alabama A&M University	18,437
Alabama State University	18,200
Auburn University	135,580
Jacksonville State University	19,646
Livingston State University	6,346
University of Montevallo	10,561
University of North Alabama	14,671
University of South Alabama	47,768
Troy State University	19,649
Alabama Institute for the Deaf & Blind	15,771
Other Disbursements	1,700
TOTAL EXPENDITURES	**2,523,346**
Revenues Over (Under) Expenditures	**(7,635)**
Cash Balance, October 1, 1988	25,629
Cash Balance, September 30, 1989	**17,994**
Less: Cash Reserved for Encumbrances	17,994
Available Cash Balance, September 30, 1989	**0**

Debt Service Funds

Debt Service Funds account for the accumulation of resources which are used for the payment of general long-term debt principal and interest.

COMBINING BALANCE SHEET
Debt Service Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Public School and College Authority	Highway	Mental Health	Other Debt Service	Totals
ASSETS					
Cash	-	83	2,987	1,085	4,155
Due From Other Funds	-	-	772	-	772
Investments	-	-	6,283	-	6,283
Total Assets	**0**	**83**	**10,042**	**1,085**	**11,210**
LIABILITIES AND FUND EQUITY					
Liabilities	-	-	-	-	-
Fund Balance,					
Designated for Debt Service	-	83	10,042	1,085	11,210
Total Liabilities and Fund Equity	**0**	**83**	**10,042**	**1,085**	**11,210**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Debt Service Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Public School and College Authority	Highway	Mental Health	Other Debt Service	Totals
REVENUES					
Taxes	64,965	-	-	3,623	68,588
Interest	-	-	217	220	437
Total Revenues	**64,965**	**0**	**217**	**3,843**	**69,025**
EXPENDITURES					
Debt Service					
Principal Retirement	29,335	93,875	1,000	34,731	158,941
Interest and Other Charges	35,630	12,452	20	48,248	96,350
Total Expenditures	**64,965**	**106,327**	**1,020**	**82,979**	**255,291**
Revenues Over (Under) Expenditures	**0**	**(106,327)**	**(803)**	**(79,136)**	**(186,266)**
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	106,327	-	9,193	115,520
Appropriated Transfers In (Out):					
General Fund	-	-	-	68,476	68,476
Special Education Trust Fund	-	-	-	1,763	1,763
Bond Proceeds	-	104	9,053	49	9,206
Total Other Financing Sources (Uses)	**0**	**106,431**	**9,053**	**79,481**	**194,965**
Revenues and Other Sources Over (Under) Expenditures and Other Uses	**0**	**104**	**8,250**	**345**	**8,699**
Fund Balance, October 1, 1988	0	(21)	1,792	740	2,511
Fund Balance, September 30, 1989	**0**	**83**	**10,042**	**1,085**	**11,210**

Capital Projects Funds

Capital Projects Funds account for the acquisition, construction, and improvement of governmental general fixed assets.

COMBINING BALANCE SHEET
Capital Projects Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Public School and College Authority	Highway	Corrections Institution Finance Authority	Mental Health
ASSETS				
Cash	23,891	12,284	14,105	462
Investments	64,875	38,943	23,620	55,657
Total Assets	**88,766**	**51,227**	**37,725**	**56,119**
LIABILITIES AND FUND EQUITY				
Liabilities				
Warrants Payable	1	-	157	460
Salaries Payable	-	-	-	-
Total Liabilities	**1**	**0**	**157**	**460**
Fund Equity				
Fund Balance:				
Reserved for Encumbrances	--	-	5	-
Unreserved, Designated for Capital Projects	88,765	51,227	37,563	55,659
Total Fund Equity	**88,765**	**51,227**	**37,568**	**55,659**
Total Liabilities and Fund Equity	**88,766**	**51,227**	**37,725**	**56,119**

Waterways and Ports	Other Capital Projects	Totals
22,843	32,448	106,033
22,980	3,488	209,563
45,823	**35,936**	**315,596**
-	301	919
-	3	3
0	**304**	**922**
-	18	23
45,823	35,614	314,651
45,823	**35,632**	**314,674**
45,823	**35,936**	**315,596**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Capital Projects Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Public School and College Authority	Highway	Corrections Institution Finance Authority	Mental Health
REVENUES				
Interest	-	27,989	2,680	1,911
Federal Grants & Reimbursements	-	-	-	-
Other	164	-	-	-
Total Revenues	**164**	**27,989**	**2,680**	**1,911**
EXPENDITURES				
Capital Projects	46,274	-	18,896	686
Debt Service				
Principal Retirement	-	-	-	81
Interest and Other Charges	-	70	-	-
Total Expenditures	**46,274**	**70**	**18,896**	**767**
Revenues Over (Under) Expenditures	**(46,110)**	**27,919**	**(16,216)**	**1,144**
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	481	-	50	-
Operating Transfers Out	(134)	(78,615)	-	-
Appropriated Transfers In (Out):				
General Fund	-	-	-	-
Special Education Trust Fund	3,075	-	-	-
Bond Proceeds	-	14,069	3,400	54,516
Total Other Financing Sources (Uses)	**3,422**	**(64,546)**	**3,450**	**54,516**
Revenues and Other Sources Over (Under) Expenditures and Other Uses	**(42,688)**	**(36,627)**	**(12,766)**	**55,660**
Fund Balance, October 1, 1988	131,453	87,854	50,334	(1)
Fund Balance, September 30, 1989	**88,765**	**51,227**	**37,568**	**55,659**

Waterways and Ports	Other Capital Projects	Totals
2,089	3,564	38,233
-	3,316	3,316
-	1,954	2,118
2,089	**8,834**	**43,667**
9,891	21,843	97,590
-	3,160	3,241
-	37	107
9,891	**25,040**	**100,938**
(7,802)	**(16,206)**	**(57,271)**
-	-	531
-	(2,832)	(81,581)
-	63	63
-	-	3,075
-	8,425	80,410
0	**5,656**	**2,498**
(7,802)	**(10,550)**	**(54,773)**
53,625	46,182	369,447
45,823	**35,632**	**314,674**

Enterprise Funds

Enterprise Funds are used to account for the operations of State agencies that provide goods and services to the public in a manner similar to private business enterprises. The cost of providing the goods or services are recovered primarily through user charges.

Alcoholic Beverage Control Board operates facilities for the distribution and sale of alcoholic beverages.

State Parks operates state park and recreational facilities.

State Insurance Fund is a public entity risk pool providing insurance coverage for state buildings and contents against fire and casualty losses.

General Liability Trust Fund is a risk pool which insures state employees against the risk of loss from employment-related liability claims.

Public Education Employees' Health Insurance provides health coverage for employees of school systems and junior colleges.

State Employees' Health Insurance provides health insurance coverage for state employees.

State Docks provides service for shippers including warehousing, loading, and bulk cargo handling.

Housing Finance Authority facilitates the provision of housing opportunities for those with moderate and low incomes by providing affordable financing.

COMBINING BALANCE SHEET
Enterprise Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Alcoholic Beverage Control Board	State Parks	State Insurance Fund	General Liability Trust Fund
ASSETS				
Current Assets				
Cash	12,289	6,471	2,227	871
Due From Other Funds	1,608	-	-	-
Interest & Dividends Receivable	-	-	862	-
Accounts Receivable (net)	553	190	19	-
Inventory	23,022	507	-	-
Other Assets	-	-	-	-
Total Current Assets	**37,472**	**7,168**	**3,108**	**871**
Noncurrent Assets				
Investments	-	-	43,791	16,286
Mortgage Loans Receivable	-	-	-	-
Other Long Term Assets	-	-	-	-
Restricted Assets	-	-	-	-
Land	-	-	-	-
Buildings	-	61,502	-	-
Equipment	7,077	9,307	125	6
Other Fixed Assets	-	-	-	-
Construction In Progress	-	-	-	-
Accumulated Depreciation	(5,324)	-	(85)	(1)
Total Noncurrent Assets	**1,753**	**70,809**	**43,831**	**16,291**
TOTAL ASSETS	**39,225**	**77,977**	**46,939**	**17,162**
LIABILITIES AND FUND EQUITY				
Liabilities				
Warrants Payable	691	613	1,971	47
Due To Other Governments	1,511	-	-	-
Due To Other Funds	18,887	-	-	-
Accounts Payable	16,795	527	1,693	4,651
Salaries Payable	1,100	656	18	-
Interest Payable	-	-	-	-
Deferred Revenue	-	103	-	-
Funds Held in Escrow	-	-	-	-
Insurance Claims Incurred But Not Reported	-	-	-	4,651
Current Portion of General Obligation Bonds	-	-	-	-
Current Portion of Limited Obligation Bonds	-	-	-	-
Current Portion of Capital Leases Payable	-	-	-	-
Other Current Liabilities	-	-	24	-
Total Current Liabilities	**38,984**	**1,899**	**3,706**	**9,349**
Long-term Liabilities				
Liabilities Payable from Restricted Assets	-	-	-	-
Pension Obligations Payable	-	-	-	-
Revenue Bonds Payable	-	-	-	-
Limited Obligation Bonds Payable	-	-	-	-
Capital Lease Obligations	-	-	-	-
Total Long-term Liabilities	**0**	**0**	**0**	**0**
Total Liabilities	**38,984**	**1,899**	**3,706**	**9,349**
Fund Equity				
Contributed Capital	-	-	-	-
Retained Earnings, unreserved	241	76,078	43,233	7,813
Retained Earnings, reserved	-	-	-	-
Total Fund Equity	**241**	**76,078**	**43,233**	**7,813**
TOTAL LIABILITIES AND FUND EQUITY	**39,225**	**77,977**	**46,939**	**17,162**

Public Education Employees' Health Insurance	State Employees' Health Insurance	State Docks	Housing Finance Authority	Totals
432	19,588	10,987	144	53,009
-	319	-	-	1,927
721	229	-	10,960	12,772
367	-	6,742	3,733	11,604
-	-	598	-	24,127
94	640	713	-	1,447
1,614	**20,776**	**19,040**	**14,837**	**104,886**
53,106	9,123	11,426	471,342	605,074
-	-	-	802,995	802,995
-	-	6,155	12,312	18,467
-	-	22,133	-	22,133
-	-	22,613	-	22,613
-	-	60,537	-	122,039
8	-	135,059	45	151,627
-	-	104,693	-	104,693
-	-	649	-	649
-	-	(107,654)	-	(113,064)
53,114	**9,123**	**255,611**	**1,286,694**	**1,737,226**
54,728	**29,899**	**274,651**	**1,301,531**	**1,842,112**
327	62	-	-	3,711
-	-	-	-	1,511
-	-	-	-	18,887
3,947	19,228	1,102	1,103	49,046
10	6	1,512	-	3,302
-	-	17	38,609	38,626
-	6,754	-	2,022	8,879
-	-	-	2,662	2,662
25,195	-	-	-	29,846
-	-	300	-	300
-	-	-	16,740	16,740
-	-	255	-	255
257	-	4,632	507	5,420
29,736	**26,050**	**7,818**	**61,643**	**179,185**
-	-	166	-	166
-	-	3,763	-	3,763
-	-	120,152	-	120,152
-	-	-	1,178,092	1,178,092
-	-	452	-	452
0	**0**	**124,533**	**1,178,092**	**1,302,625**
29,736	**26,050**	**132,351**	**1,239,735**	**1,481,810**
-	-	66,664	6,500	73,164
24,992	3,849	75,636	1,933	233,775
-	-	-	53,363	53,363
24,992	**3,849**	**142,300**	**61,796**	**360,302**
54,728	**29,899**	**274,651**	**1,301,531**	**1,842,112**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Enterprise Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Alcoholic Beverage Control Board	State Parks	State Insurance Fund	General Liability Trust Fund
OPERATING REVENUES				
Sales of Goods and Services	143,658	20,761	-	-
Interest and Dividends	-	-	4,317	1,162
Insurance Premiums	-	-	7,510	2,817
Gain on Sale of Investments	-	-	320	-
Total Operating Revenues	**143,658**	**20,761**	**12,147**	**3,979**
OPERATING EXPENSES				
Salaries, Wages, Benefits	22,168	12,354	320	65
Utilities & Communication	1,103	3,016	8	-
Professional Services	569	[illegible]4	1,570	610
Supplies, Materials & Operating Expenses	98,830	3,642	10	1
Insurance Claims	-	-	3,953	1,020
Interest	-	-	-	-
Depreciation	-	-	-	-
Other Operating Expenses	4,082	2,532	77	2
Operations and Maintenance	-	-	-	-
General and Administrative	-	-	-	-
Total Operating Expenses	**126,752**	**22,158**	**5,938**	**1,698**
Operating Income (Loss)	**16,906**	**(1,397)**	**6,209**	**2,281**
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	-	-	-	-
Non-Operating Revenues	142	282	22	-
Interest Expense	-	-	-	-
Non-Operating Expenses	-	-	-	-
Total Non-Operating Revenue (Expense)	**142**	**282**	**22**	**0**
Income Before Operating Transfers	**17,048**	**(1,115)**	**6,231**	**2,281**
TRANSFERS				
Operating Transfers In	399	1,270	-	-
Appropriated Transfers from General Fund	-	1,541	-	1,000
Operating Transfers Out	(16,972)	(1,200)	-	-
Total Transfers	**(16,573)**	**1,611**	**0**	**1,000**
Net Income (Loss) Before Extraordinary Items	**475**	**496**	**6,231**	**3,281**
Extraordinary Loss	-	-	-	-
Net Income (Loss)	475	496	6,231	3,281
Retained Earnings, October 1, 1988	(234)	75,582	37,002	4,532
Retained Earnings, September 30, 1989	**241**	**76,078**	**43,233**	**7,813**

Public Education Employees' Health Insurance	State Employees' Health Insurance	State Docks	Housing Finance Authority	Totals
-	-	42,134	-	206,553
4,190	1,815	-	113,520	125,004
151,496	100,935	-	-	262,758
2	5	-	3,109	3,436
155,688	**102,755**	**42,134**	**116,629**	**597,751**
184	220	-	-	35,311
1	13	-	-	4,141
23	337	-	-	3,723
7	4	-	-	102,494
153,000	94,199	-	-	252,172
-	-	-	101,585	101,585
-	-	11,286	-	11,286
-	13	-	4,057	10,763
-	-	20,372	-	20,372
-	-	6,243	1,219	7,462
153,215	**94,786**	**37,901**	**106,861**	**549,309**
2,473	**7,969**	**4,233**	**9,768**	**48,442**
-	-	4,040	-	4,040
-	-	-	-	446
-	-	(7,402)	-	(7,402)
-	-	(189)	-	(189)
0	0	**(3,551)**	0	**(3,105)**
2,473	**7,969**	**682**	**9,768**	**45,337**
-	-	-	-	1,669
-	-	-	-	2,541
-	-	-	-	(18,172)
0	0	0	0	**(13,962)**
2,473	**7,969**	**682**	**9,768**	**31,375**
-	-	(16,176)	(1,116)	(17,292)
2,473	7,969	(15,494)	8,652	14,083
22,519	(4,120)	157,794	53,144	346,219
24,992	**3,849**	**142,300**	**61,796**	**360,302**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Alcoholic Beverage Control Board

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

OPERATING REVENUES	
Gross Sales of Alcoholic Beverages	205,245
Less:	
State Sales Tax	(3,591)
2% Additional Sales Tax	(1,822)
State Liquor Taxes	(56,174)
Net Operating Revenue	**143,658**
OPERATING EXPENSES	
Salaries, Wages, Benefits	22,168
Utilities & Communication	1,103
Rentals and Leases	2,770
Professional Services	569
Cost of Merchandise	97,773
Supplies, Materials & Operating Expenses	1,057
Other	1,312
Total Operating Expenses	**126,752**
Operating Income (Loss)	**16,906**
Non-Operating Revenues	142
Income Before Operating Transfers	**17,048**
TRANSFERS	
Operating Transfers In	399
Operating Transfers Out	(88)
Distribution of Profits:	
General Fund	(9,334)
Human Resources	(1,134)
Public Safety	(2,000)
Mental Health	(1,000)
Cities	(2,331)
Counties	(1,085)
Total Transfers	**(16,573)**
Net Income (Loss)	**475**
Retained Earnings, October 1, 1988	(234)
Retained Earnings, September 30, 1989	**241**

Internal Service Funds

Internal Service Funds are maintained to account for the operation of State agencies which provide goods and services to other State agencies on a cost-reimbursement basis.

Data Systems Management Division Funds provide telecommunication services and equipment, computer services, information technology, and planning and coordination in equipment and system selection.

Service Division Funds account for various services provided to State agencies including rental of office buildings, janitorial services, and building maintenance.

Printing and Publications Fund provides printing services to State agencies.

Super Computer Fund accounts for the operation of the Super Computer located in Huntsville.

Air Transportation Fund provides air transportation for state personnel and maintenance facilities for state aircraft.

Correctional Industries Fund accounts for the agricultural operations and manufacturing activities of the State's correctional facilities.

State Surplus Property Fund accounts for the transfer and sale of State-owned surplus property.

Federal Surplus Property Fund accounts for the transfer and sale of federally-owned surplus property.

Military Billeting Fund accounts for the proceeds and expenditures of operating and maintaining quarters at Alabama National Guard training sites for senior officers and enlisted personnel.

Building Authorities account for the rental and maintenance of the State House Building (formerly the State Highway Building) and the Folsom Administrative Building.

COMBINING BALANCE SHEET
Internal Service Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Data Systems Management Division	Service Division Funds	Printing and Publications	Super Computer
ASSETS				
Current Assets				
Cash	15,578	4,914	1,574	260
Due From Other Governments	-	-	-	-
Due From Other Funds	75	804	898	-
Accounts Receivable (net)	5,834	236	-	116
Inventory	-	217	202	-
Other Assets	-	-	2	-
Total Current Assets	**21,487**	**6,171**	**2,676**	**376**
Noncurrent Assets				
Investments	-	-	-	-
Other Long Term Assets	-	-	-	13,590
Land	-	-	-	174
Buildings	842	-	1,698	2,466
Equipment	32,366	3,367	2,024	12,173
Accumulated Depreciation	(17,547)	(1,611)	(1,695)	(5,699)
Total Noncurrent Assets	**15,661**	**1,756**	**2,027**	**22,704**
TOTAL ASSETS	**37,148**	**7,927**	**4,703**	**23,080**
LIABILITIES AND FUND EQUITY				
Liabilities				
Warrants Payable	2,037	438	103	8
Due To Other Funds	2,752	-	3	-
Accounts Payable	1,667	285	195	23
Salaries Payable	263	83	123	-
Total Current Liabilities	**6,719**	**806**	**424**	**31**
Long-term Liabilities				
Notes Payable	11,125	-	-	18,790
Revenue Bonds Payable	-	-	-	-
Total Long-term Liabilities	**11,125**	**0**	**0**	**18,790**
Total Liabilities	**17,844**	**806**	**424**	**18,821**
Fund Equity				
Contributed Capital	5,950	613	753	174
Retained Earnings, unreserved	13,354	6,508	3,526	4,085
Retained Earnings, reserved	-	-	-	-
Total Fund Equity	**19,304**	**7,121**	**4,279**	**4,259**
TOTAL LIABILITIES AND FUND EQUITY	**37,148**	**7,927**	**4,703**	**23,080**

Air Transportation	Correctional Industries	State Surplus Property	Federal Surplus Property	Military Billeting	Building Authorities	Totals
209	2,414	255	88	77	2,602	27,971
-	-	48	91	-	-	139
78	-	79	3	-	67	2,004
-	5,780	7	31	6	-	12,010
-	7,464	-	-	-	-	7,883
-	-	-	1	-	-	3
287	**15,658**	**389**	**214**	**83**	**2,669**	**50,010**
-	-	-	-	-	4,834	4,834
-	-	-	-	-	-	13,590
-	-	-	-	-	-	174
16	969	-	-	-	8,020	14,011
3,315	6,243	83	116	33	33	59,753
(2,851)	(3,263)	(42)	(108)	-	(4,945)	(37,761)
480	**3,949**	**41**	**8**	**33**	**7,942**	**54,601**
767	**19,607**	**430**	**222**	**116**	**10,611**	**104,611**
22	567	9	6	-	945	4,135
-	-	71	6	-	-	2,832
126	288	140	9	-	95	2,828
-	203	37	-	3	37	749
148	**1,058**	**257**	**21**	**3**	**1,077**	**10,544**
587	-	-	-	-	-	30,502
-	-	-	-	-	452	452
587	**0**	**0**	**0**	**0**	**452**	**30,954**
735	**1,058**	**257**	**21**	**3**	**1,529**	**41,498**
-	-	6	22	25	-	7,543
32	18,549	49	114	88	9,082	55,387
-	-	118	65	-	-	183
32	**18,549**	**173**	**201**	**113**	**9,082**	**63,113**
767	**19,607**	**430**	**222**	**116**	**10,611**	**104,611**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Internal Service Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Data Systems Management Division	Service Division Funds	Printing and Publications	Super Computer
OPERATING REVENUES				
Sales of Goods and Services	30,038	6,251	4,070	18
Rents and Leases	-	2,474	-	-
Total Operating Revenues	**30,038**	**8,725**	**4,070**	**18**
OPERATING EXPENSES				
Salaries, Wages, Benefits	4,535	1,514	2,438	-
Utilities & Communication	11,534	548	127	168
Professional Services	3,935	33	54	6,741
Supplies, Materials & Operating Expense	522	4,914	1,690	4
Interest	-	-	-	-
Other Operating Expenses	3,495	632	266	70
Total Operating Expenses	**24,021**	**7,641**	**4,575**	**6,983**
Operating Income (Loss)	**6,017**	**1,084**	**(505)**	**(6,965)**
NON-OPERATING REVENUES (EXPENSES)				
Interest and Dividends	-	-	-	-
Non-Operating Revenues	641	91	2	-
Non-Operating Expenses	(1,157)	-	(3)	-
Total Non-Operating Revenue (Expense)	**(516)**	**91**	**(1)**	**0**
Income Before Operating Transfers	**5,501**	**1,175**	**(506)**	**(6,965)**
TRANSFERS				
Operating Transfers In	250	-	-	-
Appropriated Transfers from General Fund	2,312	-	-	-
Appropriated Transfers from ASETF	-	-	-	7,000
Operating Transfers Out	-	-	-	(175)
Total Transfers	**2,562**	**0**	**0**	**6,825**
Net Income (Loss)	**8,063**	**1,175**	**(506)**	**(140)**
Retained Earnings, October 1, 1988	11,241	5,946	4,785	4,399
Retained Earnings, September 30, 1989	**19,304**	**7,121**	**4,279**	**4,259**

Air Transportation	Correctional Industries	State Surplus Property	Federal Surplus Property	Military Billeting	Building Authorities	Totals
423	10,286	561	817	-	-	52,464
-	87	-	-	177	2,762	5,500
423	**10,373**	**561**	**817**	**177**	**2,762**	**57,964**
-	3,698	348	426	102	705	13,766
21	557	14	23	-	618	13,610
18	373	17	18	-	27	11,216
25	9,739	12	65	2	41	17,014
-	-	-	-	-	26	26
746	1,637	96	236	27	80	7,285
810	**16,004**	**487**	**768**	**131**	**1,497**	**62,917**
(387)	**(5,631)**	**74**	**49**	**46**	**1,265**	**(4,953)**
-	-	-	2	-	442	444
49	857	(6)	-	-	8	1,642
-	-	-	-	-	-	(1,160)
49	**857**	**(6)**	**2**	**0**	**450**	**926**
(338)	**(4,774)**	**68**	**51**	**46**	**1,715**	**(4,027)**
215	-	-	-	-	-	465
-	-	-	-	-	-	2,312
-	-	-	-	-	-	7,000
-	(1,500)	(60)	(26)	-	(5)	(1,766)
215	**(1,500)**	**(60)**	**(26)**	**0**	**(5)**	**8,011**
(123)	**(6,274)**	**8**	**25**	**46**	**1,710**	**3,984**
155	24,823	165	176	67	7,372	59,129
32	**18,549**	**173**	**201**	**113**	**9,082**	**63,113**

Trust and Agency Funds

Trust funds are used to account for assets held by the State in a trustee capacity.

EXPENDABLE TRUST FUNDS

Expendable Trust Funds account for resources the State holds as trustee. Both the principal and earnings of Expendable Trust Funds may be used for purposes allowed under the trust agreement.

Guaranteed Student Loan Program provides for the administration and coordination of the Alabama Guaranteed Student Loan Program.

Abandoned Property Fund accounts for the custody and disposition of abandoned or unclaimed property.

Defeasance Trust Funds are irrevocable bond defeasance trust funds established to hold sufficient resources to satisfy outstanding revenue debt of certain component units. The State Treasurer holds these assets in the capacity of an independent trustee. The related debt is no longer considered to be outstanding.

Other Expendable Trust Funds are aggregated for reporting purposes to account for other expendable trust funds held and invested by the state.

NONEXPENDABLE TRUST FUNDS

Nonexpendable Trust Funds account for resources the State holds as trustee. The principal of these funds must be preserved and only the earnings may be used for the purposes allowed under the trust agreement.

Heritage Trust Fund is a trust established by constitutional amendment. The Trust Fund was created from the proceeds of all sales or lease payments received by the State from January 1, 1981 through October 31, 1981 for the rights to explore and drill for oil and gas in any offshore area. Within 90 days after September 1, 2001, the trust capital of the Alabama Heritage Trust Fund will be transferred to the Alabama Trust Fund, and all aspects of the Heritage Trust Fund will terminate.

Alabama Trust Fund is an irrevocable, permanent trust fund established through constitutional amendment. The trust fund is comprised of all payments, including royalty payments, received since August 1, 1984 for the sale or lease of rights for offshore exploration and drilling for oil and gas off the Alabama coast.

Alabama Research Institute is a trust fund which awards research grants to State universities to promote science and technology.

School Lands Fund is a permanent trust established to account for the funds accumulated from the sale or use of properties set aside for educational purposes. Investment earnings are for the benefit of local school systems.

PENSION TRUST FUNDS

Pension funds account for the resources of retirement plans administered by the state.

Employees' Retirement System accounts for the accumulation of resources for pension benefit payments to state employees, state police and employees of other eligible governmental organizations.

Teachers' Retirement System accounts for the accumulation of resources for pension benefit payments to qualified employees of state-supported educational institutions.

Judicial Retirement Fund accounts for the accumulation of resources for pension benefit payments to judges of the State's Supreme Court, Court of Civil Appeals, Court of Criminal Appeals, and Circuit Court.

Other Pension Funds account for the accumulation of resources for pension benefits administered by the State including the Peace Officers' Annuity and Benefit Fund and the Clerks' and Registers' Supernumerary Fund.

AGENCY FUNDS

Agency funds account for assets held by the State for other funds, governments, or individuals. Agency funds are custodial in nature (assets equal liabilities) and, therefore, have no revenues, expenditures, or fund balances.

Income Tax Fund accounts for the collection of the state personal income tax and for the payment of refunds before distribution to the Alabama Special Education Trust Fund.

Sales Tax Fund accounts for the collection of the state sales tax pending allocation to other funds.

Other State Taxes Fund aggregates numerous state tax collection funds for financial reporting purposes. This fund accounts for the collection of gasoline and motor fuels taxes, motor vehicle licenses, and severance taxes, among others, pending allocation to other funds.

Taxes Collected for Local Governments accounts for local taxes which are collected by the state for local governments. These taxes do not represent revenues of the state.

Payroll Fund accounts for undistributed withholdings for employee benefits and payroll taxes.

Deferred Compensation Fund accounts for assets held for employees in accordance with the provisions of Internal Revenue Code Section 457.

Public Employees' IRA Fund accounts for assets held for public employees participating in the state IRA investment program.

Other Agency Funds are aggregated for financial reporting purposes and represent amounts held for child support payments, cash bonds, and other deposits.

COMBINING BALANCE SHEET
Trust and Agency Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Expendable Trusts	Nonexpendable Trusts	Pension Trust	Agency Funds	Total
ASSETS					
Cash	8,826	13,392	142,121	76,702	241,041
Due From Other Governments	2,800	-	-	-	2,800
Due From Other Funds	-	-	-	1,855	1,855
Interest & Dividends Receivable	2	-	135,581	1,542	137,125
Accounts Receivable (net)	169	-	18,815	17	19,001
Investments	374,493	939,153	7,888,356	102,765	9,304,767
Other Assets	35	-	-	-	35
Land	-	-	890	-	890
Buildings	-	-	5,317	-	5,317
Equipment	-	-	1,467	-	1,467
Accumulated Depreciation	-	-	(2,579)	-	(2,579)
Amount to Be Provided From Future Employer Contributions	-	-	624,260	-	624,260
Total Assets	**386,325**	**952,545**	**8,814,228**	**182,881**	**10,335,979**
LIABILITIES AND FUND EQUITY					
Liabilities					
Warrants Payable	2,746	800	136,894	14,520	154,960
Due To Other Governments	509	-	-	31,917	32,426
Due To Other Funds	-	112	-	6,545	6,657
Accounts Payable	294	-	328	2,248	2,870
Salaries Payable	111	-	-	-	111
Notes Payable	-	-	1,418	-	1,418
Amounts To Be Distributed	-	-	-	19,073	19,073
Amounts Held In Custody For Others	-	-	-	108,578	108,578
Deferred Revenue	5,352	-	188	-	5,540
Other Liabilities	683	-	-	-	683
Total Liabilities	**9,695**	**912**	**138,828**	**182,881**	**332,316**
Fund Equity					
Retained Earnings	-	468	-	-	468
Fund Balance:					
Reserved for Encumbrances	282	-	-	-	282
Reserved for Pension Benefits	-	-	8,664,592	-	8,664,592
Reserved for Special Purposes	262,386	951,165	870	-	1,214,421
Unreserved, Designated	112,080	-	-	-	112,080
Unreserved, Undesignated	1,882	-	9,938	-	11,820
Total Fund Equity	**376,630**	**951,633**	**8,675,400**	**-**	**10,003,663**
Total Liabilities and Fund Equity	**386,325**	**952,545**	**8,814,228**	**182,881**	**10,335,979**

COMBINING BALANCE SHEET
Expendable Trust Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Guaranteed Student Loan Program	Abandoned Property	Defeasance Trust Funds	Other Expendable Trusts	Totals
ASSETS					
Cash	3,944	3,431	1,395	56	8,826
Due From Other Governments	2,800	-	-	-	2,800
Interest & Dividends Receivable	-	-	-	2	2
Accounts Receivable (net)	169	-	-	-	169
Investments	4,500	-	368,985	1,008	374,493
Other Assets	35	-	-	-	35
Total Assets	**11,448**	**3,431**	**370,380**	**1,066**	**386,325**
LIABILITIES AND FUND EQUITY					
Liabilities					
Warrants Payable	2,688	31	-	27	2,746
Due To Other Governments	509	-	-	-	509
Accounts Payable	288	-	-	6	294
Salaries Payable	101	-	-	10	111
Deferred Revenue	5,352	-	-	-	5,352
Other Liabilities	683	-	-	-	683
Total Liabilities	**9,621**	**31**	**0**	**43**	**9,695**
Fund Equity					
Fund Balance:					
Reserved for Encumbrances	179	100	-	3	282
Reserved For Specific Purposes	-	3,300	258,976	110	262,386
Unreserved, Designated	676	-	111,404	-	112,080
Unreserved, Undesignated	972	-	-	910	1,882
Total Fund Equity	**1,827**	**3,400**	**370,380**	**1,023**	**376,630**
Total Liabilities and Fund Equity	**11,448**	**3,431**	**370,380**	**1,066**	**386,325**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Expendable Trust Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Guaranteed Student Loan Program	Abandoned Property	Defeasance Trust Funds	Other Expendable Trusts	Totals
REVENUES					
Licenses, Fees, Permits	-	-	-	350	350
Fines and Forfeits	-	-	-	13	13
Interest	347	-	24,422	88	24,857
Federal Grants & Reimbursements	8,592	-	-	-	8,592
Other	6,911	495	-	106	7,512
Total Revenues	**15,850**	**495**	**24,422**	**557**	**41,324**
EXPENDITURES					
Educational & Cultural	17,350	-	-	-	17,350
Social Services	-	-	-	268	268
General Government	-	304	83,905	353	84,562
Total Expenditures	**17,350**	**304**	**83,905**	**621**	**102,180**
Revenues Over (Under) Expenditures	**(1,500)**	**191**	**(59,483)**	**(64)**	**(60,856)**
OTHER FINANCING SOURCES (USES)					
Proceeds from Refunding Bonds	-	-	122,611	-	122,611
Revenues and Other Sources Over (Under) Expenditures and Other Uses	**(1,500)**	**191**	**63,128**	**(64)**	**61,755**
Fund Balance, October 1, 1988	3,327	3,209	307,252	1,087	314,875
Fund Balance, September 30, 1989	**1,827**	**3,400**	**370,380**	**1,023**	**376,630**

COMBINING BALANCE SHEET
Nonexpendable Trust Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Heritage Trust Fund	Alabama Trust Fund	Alabama Research Institute	School Lands	Totals
ASSETS					
Cash	13	-	1,013	12,366	13,392
Investments	467,247	460,151	11,755	-	939,153
Total Assets	**467,260**	**460,151**	**12,768**	**12,366**	**952,545**
LIABILITIES AND FUND EQUITY					
Liabilities					
Warrants Payable	-	-	800	-	800
Due To Other Funds	-	112	-	-	112
Total Liabilities	**0**	**112**	**800**	**0**	**912**
Fund Equity					
Retained Earnings	-	-	468	-	468
Reserved Fund Balance	467,260	460,039	11,500	12,366	951,165
Total Fund Equity	**467,260**	**460,039**	**11,968**	**12,366**	**951,633**
Total Liabilities and Fund Equity	**467,260**	**460,151**	**12,768**	**12,366**	**952,545**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
Nonexpendable Trust Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Heritage Trust Fund	Alabama Trust Fund	Alabama Research Institute	School Lands	Totals
OPERATING REVENUES					
Interest and Dividends	57,909	47,367	912	-	106,188
Rents and Leases	-	3,595	-	1,836	5,431
Gain on Sale of Investments	446	-	-	-	446
Total Operating Revenues	**58,355**	**50,962**	**912**	**1,836**	**112,065**
OPERATING EXPENSES					
Professional Services	8	-	1	-	9
Other Operating Expenses	-	714	179	-	893
Total Operating Expenses	**8**	**714**	**180**	**0**	**902**
Operating Income (Loss)	**58,347**	**50,248**	**732**	**1,836**	**111,163**
TRANSFERS					
Operating Transfers Out	(60,857)	(45,320)	(7)	-	(106,184)
Operating Transfer Due To General Fund	-	(112)	-	-	(112)
Total Transfers	**(60,857)**	**(45,432)**	**(7)**	**0**	**(106,296)**
Net Income (Loss)	**(2,510)**	**4,816**	**725**	**1,836**	**4,867**
Fund Balance, October 1, 1988	469,770	455,223	11,243	10,530	946,766
Fund Balance, September 30, 1989	**467,260**	**460,039**	**11,968**	**12,366**	**951,633**

COMBINING BALANCE SHEET
Pension Trust Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Employees' Retirement System	Teachers' Retirement System	Judicial Retirement Fund	Other Pension Funds	Totals
ASSETS					
Cash	51,817	89,316	649	339	142,121
Interest & Dividends Receivable	41,522	92,591	1,386	82	135,581
Employee Contributions Receivable	8,742	10,059	14	-	18,815
Investments	2,425,220	5,370,576	77,550	15,010	7,888,356
Land	399	491	-	-	890
Buildings	1,928	3,201	-	188	5,317
Equipment	875	556	-	36	1,467
Accumulated Depreciation	(1,214)	(1,365)	-	-	(2,579)
Amount to Be Provided From Future Employer Contributions	208,357	401,528	14,375	-	624,260
Total Assets	**2,737,646**	**5,966,953**	**93,974**	**15,655**	**8,814,228**
LIABILITIES AND FUND EQUITY					
Liabilities					
Warrants Payable	47,677	88,446	579	192	136,894
Accounts Payable	106	205	4	13	328
Notes Payable	709	709	-	-	1,418
Deferred Revenue	64	124	-	-	188
Total Liabilities	**48,556**	**89,484**	**583**	**205**	**138,828**
Fund Equity					
Fund Balance:					
Annuity Savings	502,927	1,053,421	7,947	-	1,564,295
Annuity Reserve	150,291	275,046	-	-	425,337
Pension Reserve	550,278	1,549,727	-	-	2,100,005
Pension Accumulation	1,470,016	2,980,203	85,383	-	4,535,602
Death Benefit Reserve	9,367	14,536	-	-	23,903
Reserve for Pension Benefits	-	-	-	15,450	15,450
Reserved for Specific Purposes	-	870	-	-	870
Unreserved, Undesignated	6,211	3,666	61	-	9,938
Total Fund Equity	**2,689,090**	**5,877,469**	**93,391**	**15,450**	**8,675,400**
Total Liabilities and Fund Equity	**2,737,646**	**5,966,953**	**93,974**	**15,655**	**8,814,228**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
Pension Trust Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Employees' Retirement System	Teachers' Retirement System	Judicial Retirement Fund	Other Pension Funds	Totals
OPERATING REVENUES					
Interest and Dividends	218,899	489,649	7,641	157	716,346
Retirement Contributions	159,844	327,198	7,677	2,758	497,477
Gain on Sale of Investments	17,153	36,624	-	-	53,777
Total Operating Revenues	**395,896**	**853,471**	**15,318**	**2,915**	**1,267,600**
OPERATING EXPENSES					
Salaries, Wages, Benefits	1,532	2,338	147	115	4,132
Utilities & Communication	167	278	-	15	460
Professional Services	207	172	18	54	451
Supplies, Materials & Operating Expense	163	179	-	3	345
Retirement Benefits	119,855	239,205	5,508	2,350	366,918
Interest	66	66	-	-	132
Depreciation	102	161	-	-	263
Other Operating Expenses	515	187	-	13	715
Total Operating Expenses	**122,607**	**242,586**	**5,673**	**2,550**	**373,416**
Operating Income (Loss)	**273,289**	**610,885**	**9,645**	**365**	**894,184**
TRANSFERS					
Operating Transfers In	2	608	30	-	640
Operating Transfers Out	(638)	(2)	-	(178)	(818)
Total Transfers	**(636)**	**606**	**30**	**(178)**	**(178)**
Net Income (Loss)	**272,653**	**611,491**	**9,675**	**187**	**894,006**
Required Future Contributions	135,076	92,204	(3,402)	-	223,878
Net Change in Fund Equity	407,729	703,695	6,273	187	1,117,884
Fund Balance, October 1, 1988	2,281,361	5,173,774	87,118	15,263	7,557,516
Fund Balance, September 30, 1989	**2,689,090**	**5,877,469**	**93,391**	**15,450**	**8,675,400**

COMBINING BALANCE SHEET
Agency Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Income Tax Fund	Sales Tax Fund	Other State Taxes	Taxes Collected for Local Governments
ASSETS				
Cash	2,307	30	22,876	30,793
Due From Other Funds	1,799	55	-	1
Interest & Dividends Receivable	-	-	-	-
Accounts Receivable (net)	-	-	16	-
Investments	-	-	-	-
Total Assets	**4,106**	**85**	**22,892**	**30,794**
LIABILITIES				
Warrants Payable	2,307	30	1,162	408
Due To Other Governments	-	-	357	30,379
Due To Other Funds	-	-	4,729	7
Accounts Payable	-	-	-	-
Amounts To Be Distributed	1,799	55	14,568	-
Amounts Held In Custody For Others	-	-	2,076	-
Total Liabilities	**4,106**	**85**	**22,892**	**30,794**

Payroll Fund	Deferred Compensation	Public Employees' IRA Fund	Other Agency Funds	Totals
10,098	254	25	10,319	76,702
-	-	-	-	1,855
-	699	843	-	1,542
-	-	-	1	17
-	75,109	27,656	-	102,765
10,098	**76,062**	**28,524**	**10,320**	**182,881**
7,824	254	25	2,510	14,520
344	-	-	837	31,917
1,799	-	-	10	6,545
-	-	-	2,248	2,248
-	-	-	2,651	19,073
131	75,808	28,499	2,064	108,578
10,098	**76,062**	**28,524**	**10,320**	**182,881**

General Fixed Assets Account Group

The General Fixed Assets Account Group accounts for the land, buildings, improvements, and equipment of the Governmental Fund types. Fixed assets of Proprietary Fund types and Similar Trust funds and Higher Education Funds are accounted for within those funds.

STATE OF ALABAMA

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Balance Oct 1, 1988	Additions	Deductions	Balance Sept 30, 1989
Land	27,655	1,534	169	29,020
Buildings	457,113	89,252	1,717	544,648
Equipment	292,162	49,441	15,618	325,985
Construction in Progress	28,877	15,600	14,573	29,904
Total General Fixed Assets	**805,807**	**155,827**	**32,077**	**929,557**

SCHEDULE OF GENERAL FIXED ASSETS
By Function

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

Function	Land	Buildings	Equipment	Total General Fixed Assets
Economic Development	1,188	12,654	38,490	52,332
Educational & Cultural	5,825	10,882	32,382	49,089
Natural Resources & Recreation	3,288	54,067	21,494	78,849
Health - Physical & Mental	1,522	127,212	37,260	165,994
Social Services	0	66	15,623	15,689
Protection of Persons & Property	14,907	244,006	68,389	327,302
Transportation	1,290	31,021	88,262	120,573
General Government	1,000	64,740	24,085	89,825
Total General Fixed Assets Allocated to Functions	**29,020**	**544,648**	**325,985**	**899,653**
Construction in Progress				29,904
Total General Fixed Assets				**929,557**

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
By Function

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

Function	Balance Oct 1, 1988	Additions	Deductions	Balance Sept 30, 1989
Economic Development	47,120	6,589	1,377	52,332
Educational & Cultural	43,195	6,563	669	49,089
Natural Resources & Recreation	75,973	3,032	156	78,849
Health - Physical & Mental	153,480	14,759	2,245	165,994
Social Services	13,144	3,162	617	15,689
Protection of Persons & Property	310,263	23,571	6,532	327,302
Transportation	111,608	13,322	4,357	120,573
General Government	22,145	69,230	1,550	89,825
Construction in Progress	28,877	15,600	14,573	29,904
Total General Fixed Assets	**805,805**	**155,828**	**32,076**	**929,557**

Higher Education Fund

The Higher Education Fund accounts for the resources received and used in the operation of the State's institutions of higher education.

The following state-supported colleges and universities (4-year institutions) are not reported in these financial statements:

Alabama A&M University
Alabama State University
Athens State College
Auburn University
Jacksonville State University
Livingston State University
Troy State University
University of Alabama
University of Alabama - Birmingham
University of Alabama - Huntsville
University of North Alabama
University of Montevallo
University of South Alabama

The following components of the Alabama College System (2-year institutions) are reported in these financial statements.

Community Colleges

S. D. Bishop State Junior College
John C. Calhoun State Community College
Central Alabama Community College
Gadsden State Community College
Jefferson State Junior College
Theodore A. Lawson State Community College
Shelton State Community College
Shoals Community College
Northwest Alabama Community College
George C. Wallace State Community College--Dothan
George C. Wallace State Community College at Hanceville
George C. Wallace State Community College--Selma

Junior Colleges

Brewer State Junior College
Chattahoochee Valley Community College
Jefferson Davis State Junior College
Enterprise State Junior College
James H. Faulkner State Junior College
Patrick Henry State Junior College
Northeast Alabama State Junior College
Snead State Junior College
Southern Union State Junior College
Lurleen B. Wallace State Junior College

Technical Colleges

Alabama Aviation and Technical College
Atmore State Technical College
Harry M. Ayers State Technical College
Bessemer State Technical College
Carver State Technical College
J. F. Drake State Technical College
C. A. Fredd State Technical College
Richmond T. Hobson State Technical College
J. F. Ingram State Technical College
Douglas McArthur State Technical College
Opelika State Technical College
John M. Patterson State Technical College
Ed E. Reid State Technical College
Southwest State Technical College
Chauncey Sparks State Technical College
Council Trenholm State Technical College
Walker State Technical College

COMBINING BALANCE SHEET
Higher Education Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	CURRENT FUNDS			
	Unrestricted	Restricted	Loan	Endowments & Similar Funds
ASSETS				
Cash	8,763	861	77	58
Investments	7,713	187	-	1,697
Receivables	4,777	2,562	754	14
Inventory	4,338	-	-	-
Prepaid and Deferred Charges	10,518	454	-	-
Due From Other Funds	1,578	217	2	-
Deposits With Trustees	-	-	-	-
Other Assets	-	-	-	-
Land	-	-	-	-
Buildings and Alterations	-	-	-	-
Improvements Other Than Buildings	-	-	-	-
Equipment	-	-	-	-
Art Museums & Collections	-	-	-	-
Library Books & Audiovisual Equipment	-	-	-	-
Leased Equipment	-	-	-	-
Other Plant Assets	-	-	-	-
Construction In Progress	-	-	-	-
Total Assets	**37,687**	**4,281**	**833**	**1,769**
LIABILITIES AND FUND EQUITY				
Liabilities				
Payables	2,842	986	-	49
Deposits Refundable	50	-	-	-
Deferred Credits	10,265	-	-	-
Due To Other Funds	548	1,179	-	16
Refunded to Grantors	-	339	(1)	-
Bonds Payable	-	-	-	-
Notes Payable - Long Term	-	-	-	-
Mortgages Payable	-	-	-	-
Leasehold Payable	-	-	-	-
Deposit Liabilities	-	-	-	-
Total Liabilities	**13,705**	**2,504**	**(1)**	**65**
Fund Equity				
Allocated	2,341	616	662	-
Unallocated	21,641	1,161	172	-
Endowment	-	-	-	1,001
Term Endowment	-	-	-	207
Quasi-endowment, Unrestricted	-	-	-	254
Quasi-endowment, Restricted	-	-	-	242
Investment in Plant	-	-	-	-
TOTAL FUND EQUITY	**23,982**	**1,777**	**834**	**1,704**
TOTAL LIABILITIES AND FUND EQUITY	**37,687**	**4,281**	**833**	**1,769**

PLANT FUNDS						
Unexpended	State Bond Authorities	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	Agency Funds	Totals
2,142	-	2,443	73	-	653	15,070
13,465	-	623	1,857	-	265	25,807
453	-	5	-	-	62	8,627
-	-	-	-	-	-	4,338
-	-	-	-	-	-	10,972
149	-	2	-	-	9	1,957
-	-	65	521	-	-	586
-	124	-	-	-	-	124
-	-	-	-	7,253	-	7,253
-	-	-	-	187,678	-	187,678
-	-	-	-	11,660	-	11,660
-	-	-	-	93,277	-	93,277
-	-	-	-	714	-	714
-	-	-	-	12,334	-	12,334
-	-	-	-	1,900	-	1,900
-	-	-	-	659	-	659
498	2,589	-	-	2,546	-	5,633
16,707	**2,713**	**3,138**	**2,451**	**318,021**	**989**	**388,589**
1,700	-	41	285	-	182	6,085
-	-	-	-	-	-	50
-	-	-	-	-	-	10,265
136	-	57	-	-	20	1,956
-	-	-	-	-	-	338
-	-	-	-	7,015	-	7,015
-	-	-	-	555	-	555
-	-	-	-	673	-	673
-	-	-	-	2,086	-	2,086
-	-	-	-	-	787	787
1,836	**0**	**98**	**285**	**10,329**	**989**	**29,810**
2,472	2,713	434	1,052	-	-	10,290
12,399	-	2,606	1,114	-	-	39,093
-	-	-	-	-	-	1,001
-	-	-	-	-	-	207
-	-	-	-	-	-	254
-	-	-	-	-	-	242
-	-	-	-	307,692	-	307,692
14,871	**2,713**	**3,040**	**2,166**	**307,692**	**0**	**358,779**
16,707	**2,713**	**3,138**	**2,451**	**318,021**	**989**	**388,589**

STATISTICAL SECTION

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SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BY SOURCE
General Fund

For the Last Ten Fiscal Years

(Amounts in Thousands)

Source	1989	1988	1987	1986
Corporation Taxes	$ 59,438	$ 64,392	$ 69,428	$ 58,425
Documentary Filing Taxes	26,147	16,905	19,004	15,818
General Property Taxes	40,618	35,430	32,467	31,262
Gross Receipts Business Taxes	151,506	197,070	136,394	122,013
Excise, Sales and Use Taxes	74,990	26,173	26,072	26,356
Other Taxes	51,176	47,707	45,750	65,103
Business License, Permits and Fees	84,797	73,192	66,806	61,933
Fines and Forfeits	10,911	10,676	10,390	9,083
Other Revenues	212,374	193,212	193,844	190,484
Total Revenues and Other Sources	**$ 711,957**	**$ 664,757**	**$ 600,155**	**$ 580,477**

Note: The amounts reported for Other Revenues in each year are less than were reported in the 1988 Annual Report. This reflects a financial reporting adjustment which eliminated intrafund reversions.

1985	1984	1983	1982	1981	1980
$ 57,609	$ 50,554	$ 40,109	$ 40,168	$ 36,664	$ 33,028
13,059	12,120	9,637	7,916	8,510	8,028
30,282	29,182	28,190	21,087	21,542	20,113
106,877	99,765	95,032	91,876	86,450	73,589
25,979	24,726	25,797	26,596	26,552	13,169
76,059	92,273	64,424	52,604	51,193	26,144
60,729	36,052	28,784	30,424	29,043	22,755
8,642	8,701	7,528	7,733	8,534	7,708
227,539	152,080	154,266	134,816	112,376	107,285
$ 606,775	**$ 505,453**	**$ 453,767**	**$ 413,220**	**$ 380,864**	**$ 311,819**

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BY SOURCE
Alabama Special Education Trust Fund

For the Last Ten Fiscal Years

(Amounts in Thousands)

Source	1989	1988	1987	1986
General Sales Tax	$ 769,343	$ 742,624	$ 705,493	$ 662,279
General Use Tax	96,615	94,792	85,634	83,099
Income Tax	1,221,810	1,057,559	1,002,171	868,079
Utility Tax	175,811	167,750	165,087	158,116
Insurance Premium Tax	27,758	37,833	24,038	20,231
Tobacco & Cigarette Taxes	21,551	22,714	22,636	22,841
Beer Taxes	16,948	17,374	17,006	16,375
Telephone Companies	9,109	9,153	8,355	7,305
Leasing / Renting Personal Property Tax	13,113	31,547	29,697	29,494
Hydroelectric Companies	107	389	234	344
Chain Store License	358	339	325	320
Employer Cost Federal Funded Programs	15,278	13,356	12,477	12,260
Other Revenues	4,077	3,428	9,976	1,624
Transfer from ASETF Surplus Account	143,833	39,592	0	250,371
Lodgings Tax	0	8,831	8,195	7,489
Total Revenues and Other Sources	**$ 2,515,711**	**$ 2,247,281**	**$ 2,091,324**	**$ 2,140,227**

Note: The amounts reported for Other Revenues in each year are less than were reported in the 1988 Annual Report. This reflects a financial reporting adjustment which eliminated intrafund reversions.

1985	1984	1983	1982	1981	1980
$ 603,566	$ 579,977	$ 502,984	$ 483,629	$ 463,487	$ 461,307
78,453	71,123	64,733	68,271	63,703	60,234
879,283	808,793	655,497	580,611	590,485	482,937
154,054	159,822	144,312	128,035	121,629	104,933
16,242	14,640	14,061	13,930	13,400	13,016
22,591	22,669	22,264	22,707	22,639	22,706
15,612	15,143	14,370	15,097	11,916	14,477
7,945	8,546	7,934	7,154	6,694	5,863
27,093	23,074	18,383	17,566	14,926	14,136
557	574	579	345	570	675
310	313	316	288	291	284
13,345	12,296	15,793	15,696	18,549	16,388
1,656	1,268	2,476	1,378	1,670	2,167
251,996	10,572	13,258	13,300	11,478	321
6,819	6,094	5,202	5,041	4,357	4,075
$ 2,079,522	**$ 1,734,904**	**$ 1,482,162**	**$ 1,373,048**	**$ 1,345,794**	**$ 1,203,519**

STATEMENT OF REVENUES BY PRINCIPAL SOURCES
All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

TAXES	
General Sales Tax (4% on gross retail sale of merchandise, similar tax for use of merchandise bought out of state)	$ 883,770
General Use Tax	97,140
Income Tax (2% to 5% personal income, 5% net corporate income)	1,236,324
Property Tax Relief (represents portion of Income Tax used to offset property taxes lost in certain funds due to homestead exemptions)	19,754
General Property Tax (6 1/2 mills for state on varying rates not over 30%)	84,713
Gasoline Tax (.11 per gallon; .03 aviation; .01 jet)	226,677
Utilities Tax (4% of gross receipts)	175,811
Insurance Premium Tax (gross premium tax for privilege of operating in state)	139,421
Liquor & Wine Taxes (total of 46%, collected by ABC stores)	56,107
Tobacco & Cigarette Taxes (8.25 mills per cigarette; varying amounts on cigars, smoking tobacco, snuff, etc)	68,628
Corporation Taxes (franchise, $3.00 per $1,000 capital; permit, entrance fees for filing)	77,048
State Beer Tax (.05 per 12 oz.)	42,370
Public Utilities	60,383
Motor Fuel Tax (diesel .12 per gallon)	54,135
Tennessee Valley Authority (payments in-lieu of all state taxes)	55,486
Telephone Companies (2 1/2% on intrastate gross receipts)	21,688
Leasing or Renting Tangible Personal Property - 4%	33,012
Production Privilege Tax (Oil & Gas Severance at varying amounts	48,433
Financial Institutions Excise Tax (6% of net income of banks and other financial institutions	21,907
Documentary Filing Tax (auto title, deed, mortgage, securities, etc)	26,250
Coal Severance Tax (0.335 per ton)	8,527
Forestry Severance Tax	5,672
Inheritance Tax (amount of federal credit)	11,441
Contractors Gross Receipts Tax	18,208
Lodgings Tax (4% or 5% of charge)	13,479
Hydroelectric Companies (tax of 2/5 mill per kilowatt hour and 2.2% per dollar gross receipts)	684
Lubricating Oil Tax (.06 per gallon)	2,004
Miscellaneous Taxes	1,359
Motor Carriers (Mileage tax .0025 to .01 per mile)	692
Pari-Mutuel Betting (1 or 2% on pari-mutuel pools)	4,420
Court Cost Taxes	8,539
TOTAL TAXES	**3,504,082**

LICENSES, PERMITS, AND FEES	
Conservation Licenses (fishing, hunting, boat registration, etc.)	12,527
Drivers License, Transcripts, Duplicates, etc	20,192
Motor Carrier-Truck Decal (in lieu of motor vehicle license)	7,706
Petroleum Products Inspection Fees	57,559
Agriculture Licenses, Permits, Fees	5,174
Wholesale Oil Company License	2,205
Motor Vehicle License ($23.00 on auto; up to $845.00 on trucks and up to $210.00 on buses)	101,107
Privilege License (fees for privilege of operating stores, factories, professions, businesses, etc.)	17,746
Hazardous Waste Fees	4,834
Court Fees	18,435
Miscellaneous License, Permits, Fees	22,179
Alcoholic Beverage Licenses	2,460
TOTAL LICENSES, PERMITS, AND FEES	**272,124**
FINES & FORFEITS	
Court Fines & Forfeits	11,538
Miscellaneous Fines & Forfeits	2,914
TOTAL FINES & FORFEITS	**14,452**
FEDERAL FUNDS	**1,538,342**
INTEREST	**126,703**
OTHER REVENUES	
Employer's Cost from Federal Funds (reimbursing ASETF for Teachers' Retirement participation)	15,278
Reimbursements	33,422
Rents & Royalties	5,596
Sales of Property or Services	4,772
Contributions	2,817
Intragovernmental Services	50,391
Local Revenues	16,107
Other Revenues	37,650
TOTAL OTHER REVENUES	**166,033**
TOTAL REVENUES	**$ 5,621,736**

STATEMENT OF REVENUES BY PRINCIPAL SOURCES AND DISTRIBUTIONS OF REVENUES
All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

	Total Revenues	Expense of Administration	Net Revenues	Human Resources Funds	General Fund	Public School Fund	Special Education Trust Fund	Conservation Funds
TAXES								
General Sales Tax	883,770	12,805	870,965	14,823	19,634	-	769,343	-
General Use Tax	97,140	-	97,140	-	525	-	96,615	-
Income Tax	1,236,324	14,514	1,221,810	-	-	-	1,221,810	-
Property Tax Relief	19,754	-	19,754	2,918	8,084	8,752	-	-
General Property Tax	84,713	-	84,713	12,791	32,539	39,383	-	-
Gasoline Tax	226,677	4,277	222,400	-	-	-	-	502
Utilities Tax	175,811	-	175,811	-	-	-	175,811	-
Insurance Premium Tax	139,421	-	139,421	-	107,926	-	27,758	-
Liquor & Wine Taxes	56,107	-	56,107	20,444	27,610	-	-	-
Tobacco & Cigarette Taxes	68,628	942	67,686	4,082	24,498	-	21,551	4,082
Corporation Taxes	77,048	-	77,048	12,161	59,425	-	-	-
State Beer Tax	42,370	-	42,370	8,474	12,711	-	16,948	-
Public Utilities	60,383	-	60,383	-	9,271	-	-	-
Motor Fuel Tax	54,135	891	53,244	-	-	-	-	-
Tennessee Valley Authority	55,486	-	55,486	-	10,434	-	-	-
Telephone Companies	21,688	-	21,688	-	1	-	9,109	-
Leasing / Renting Personal Property	33,012	-	33,012	-	19,899	-	13,113	-
Production Privilege Tax	48,433	-	48,433	-	36,068	-	-	-
Financial Institutions Excise Tax	21,907	244	21,663	-	5,601	-	-	-
Documentary Filing Tax	26,250	-	26,250	-	26,147	-	-	-
Coal Severance Tax	8,527	-	8,527	-	-	-	-	-
Forestry Severance Tax	5,672	90	5,582	-	-	-	-	-
Inheritance Tax	11,441	-	11,441	-	11,441	-	-	-
Contractors Gross Receipts Tax	18,208	-	18,208	2,731	-	-	-	-
Lodgings Tax	13,479	-	13,479	-	9,609	-	-	-
Hydroelectric Companies	684	-	684	-	-	-	107	-
Lubricating Oil Tax	2,004	-	2,004	-	710	-	-	-
Miscellaneous Taxes	1,359	-	1,359	-	1,358	-	-	1
Motor Carriers	692	-	692	-	-	-	-	-
Pari-Mutuel Betting	4,420	-	4,420	-	4,420	-	-	-
Court Cost Taxes	8,539	-	8,539	-	1,898	-	-	-
Total Taxes	3,504,082	33,763	3,470,319	78,424	429,809	48,135	2,352,165	4,585
LICENSES, PERMITS AND FEES								
Conservation License (fish, hunt, boat)	12,527	-	12,527	-	368	-	-	12,156
Drivers License Fees	20,192	-	20,192	-	20,192	-	-	-
Motor Carrier-Truck Decal	7,706	-	7,706	-	-	-	-	-
Petroleum Products Inspection Fees	57,559	-	57,559	-	-	-	-	-
Agriculture Licenses, Permits, Fees	5,174	-	5,174	-	-	-	-	-
Wholesale Oil Company License	2,205	-	2,205	-	2,205	-	-	-
Motor Vehicle License	101,107	281	100,826	-	30,055	-	-	-
Privilege License	17,746	929	16,817	-	5,095	-	358	-
Hazardous Waste Fees	4,834	-	4,834	-	4,834	-	-	-
Court Fees	18,435	-	18,435	-	18,120	-	-	-
Miscellaneous License, Permits, Fees	22,179	22	22,157	-	1,400	-	-	3
Alcoholic Beverage Licenses	2,460	-	2,460	-	2,460	-	-	-
Total Licenses, Permits and Fees	272,124	1,232	270,892	0	84,729	0	358	12,159
Court Fines & Forfeits	11,538	-	11,538	-	10,908	-	-	168
Miscellaneous Fines & Forfeits	2,913	-	2,913	-	72	22	-	637
Federal Funds	1,538,342	-	1,538,342	136,160	-	-	-	5,410
Interest	126,704	-	126,704	147	56,406	181	-	265
Employer Cost from Federal Funds	15,278	-	15,278	-	-	-	15,278	-
Other	150,756	8,107	142,649	2,118	4,251	1,230	1,989	1,337
TOTAL REVENUES	5,621,737	43,102	5,578,635	216,849	586,175	49,568	2,369,790	24,561

Note 1: The administrative costs of certain revenues are not deducted until after they are distributed. The revenues, the administrative costs, and the funds in which the revenues are recognized are: Use Tax $1,401 ASETF; Utility Tax: $3,111 ASETF; General Property Tax: $591 Human Resources and $1,457 Public School Fund; Motor Vehicle Licenses: $1,183 Highway; Tobacco Stamps: $39 ASETF.

Distributed to Local Governments	Debt Service Funds	Agriculture and Industries	Medicaid	Highway Department	Health General & Mental	Education Department	Economic & Community Affairs	Other	Distribution of Other Amounts
2,200	64,965	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
121,718	-	-	-	99,638	-	-	-	542	Aeronautics (Aviation Fuel)
-	-	-	-	-		-	-	-	
-	-	-	-	-	3,737	-	-	-	
-	-	-	-	-	8,053	-	-	-	
-	2,960	-	-	-	10,513	-	-	-	
4,946	-	-	-	-	-	-	-	516	Secretary of State
4,237	-	-	-	-	-	-	-	-	
-	-	-	-	-	51,112	-	-	-	
-	-	-	-	53,244	-	-	-	-	
44,389	663	-	-	-	-	-	-	-	
-	-	-	-	-	12,578	-	-	-	
-	-	-	-	-	-	-	-	-	
12,365	-	-	-	-	-	-	-	-	
16,062	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	103	
5,001	-	-	-	-	-	-	-	3,526	Docks Bulk Handling Fund
-	-	-	-	-	-	-	-	5,582	Forestry Commission
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	15,477	-	-	-	
667	-	-	-	-	-	-	-	3,203	Tourism & Travel
-	-	-	-	-	577	-	-	-	
712	-	-	-	582	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	642	-	-	-	50	Public Service Commission
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	1,061	-	5,580	Fair Trial Tax Fund
212,297	68,588	0	0	154,106	102,047	1,061	0	19,102	
-	-	-	-	-	-	-	-	3	
-	-	-	-	-	-	-	-	-	
-	-	-	-	6,282	-	-	-	1,424	Public Service Commission
9,223	-	2,100	-	46,236	-	-	-	-	
-	-	5,174	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
13,030	-	-	-	57,718	-	-	-	23	
-	-	10	-	1,746	529	337	-	8,742	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	315	
-	-	32	-	19	1,131	-	-	19,572	
-	-	-	-	-	-	-	-	-	
22,253	0	7,316	0	112,001	1,660	337	0	30,079	
-	-	-	-	-	-	-	-	462	
-	-	44	18	-	-	-	-	2,120	
-	-	1,981	407,651	307,030	138,864	322,095	119,856	99,295	see Schedule of Fed Revenues by Dept
-	437	-	646	-	-	1	1,703	66,918	Capital Projects, Defeased Bonds
-	-	-	-	-	-	-	-	-	
-	-	354	36,914	13,142	29,600	464	21,746	29,503	
234,550	69,025	9,695	445,229	586,279	272,171	323,958	143,305	247,479	

Note 2: The amount of Tobacco Tax is not strictly comparable to previous annual reports because $2,502 in county tobacco taxes are not included. The state is merely the collection agent for these taxes and therefore they are not state revenues.

SCHEDULE OF FEDERAL REVENUES BY DEPARTMENT
All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

Department		
Agriculture & Industries	$	1,981
Attorney General		659
Commission on Aging		14,015
Commission on Higher Education		10,305
Conservation & Natural Resources		5,410
Council on the Arts		505
Economic & Community Affairs		119,856
Education		322,095
Educational Television Commission		1,424
Emergency Management		3,080
Environmental Management		6,859
Forestry Commission		1,459
Highway		307,030
Historical Commission		558
Human Resources		136,160
Industrial Relations		47,489
Medicaid		407,651
Mental Health & Retardation		70,450
Military		3,166
Public Health		68,414
Public Library Services		2,121
Public Safety		1,137
Surface Mining Reclamation Commission		1,013
Veterans' Affairs		3,316
Other Departments		2,189
Total Federal Revenues	**$**	**1,538,342**

STATEMENT OF EXPENDITURES BY PRINCIPAL FUNCTION AND DEPARTMENT
All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

ECONOMIC DEVELOPMENT & REGULATION		
Forestry	23,558	
Public Service Commission	7,413	
Geological Survey / Oil & Gas Board	5,513	
Insurance Department	2,818	
Other	4,239	
TOTAL ECONOMIC DEVELOPMENT	**43,541**	**0.81%**
EDUCATIONAL & CULTURAL		
Minimum Program	1,294,902	
Public School Fund	44,000	
Federal Funds - Elementary and Secondary Education	269,640	
Department of Education	45,996	
Fringe Benefits	318,442	
Commission on Higher Education	36,139	
Ala Institute for the Deaf & Blind	15,771	
Public Library Service	8,973	
Educational Television Commission	5,650	
Department of Youth Services	4,346	
Other	28,313	
TOTAL EDUCATIONAL & CULTURAL	**2,072,172**	**38.45%**
NATURAL RESOURCES & RECREATION		
Conservation & Natural Resources	20,205	
Bureau of Tourism & Travel	4,926	
Other	4,716	
TOTAL NATURAL RESOURCES & RECREATION	**29,847**	**0.55%**
HEALTH - PHYSICAL & MENTAL		
County Health	26,940	
Public Health Dept. - Federal Funds	52,782	
Public Health Department	29,211	
Other Health	22,109	
Medicaid	564,453	
Mental Health	248,768	
Environmental Management	15,403	
HEALTH - PHYSICAL & MENTAL	**959,666**	**17.81%**
SOCIAL SERVICES		
Human Resources	245,796	
Rehabilitation Services	60,352	
Disability Determination	15,471	
Economic & Community Affairs	57,343	
Industrial Relations	49,022	
Commission on Aging	21,952	
Veterans' Affairs	8,428	
Other	2,084	
SOCIAL SERVICES	**460,448**	**8.54%**

PROTECTION OF PERSONS AND PROPERTY		
Law Enforcement		
Public Safety Department	51,552	
Forensic Sciences	7,035	
Highway & Traffic Safety (ADECA)	1,508	
Law Enforcement Planning (ADECA)	3,858	
Criminal Justice Information Center	3,766	
Attorney General	7,503	
Other Law Enforcement	1,257	
Total Law Enforcement	76,479	
Business Regulation		
Industrial Relations	5,658	
Banking & Credit Union	2,949	
Real Estate Commission	1,227	
Professional/Occupational Regulation	5,932	
Others	4,767	
Total Business Regulation	20,533	
Correctional		
Dept. of Corrections	118,596	
Dept. of Youth Services	16,260	
Pardons & Paroles	11,959	
Other	4,038	
Total Correctional	150,853	
Military	9,714	
Civil Defense	5,243	
Agriculture	17,426	
TOTAL PROTECTION OF PERSONS & PROPERTY	**280,248**	**5.20%**
TRANSPORTATION		
Highway	587,882	
Aeronautics	892	
TOTAL TRANSPORTATION	**588,774**	**10.93%**
GENERAL GOVERNMENT		
Fiscal Administration		
Department of Revenue	50,380	
Department of Finance	10,201	
Treasurer	1,818	
Auditor	889	
Examiners of Public Accounts	9,739	
Total Fiscal Administration	73,027	
Judiciary	75,232	
General Executive Departments		
Alabama Development Office	5,207	
Personnel Department	2,953	
Secretary of State	2,239	
Economic & Community Affairs	66,258	
Total General Executive Departments	76,657	

STATEMENT OF EXPENDITURES BY PRINCIPAL FUNCTION AND DEPARTMENT
All Governmental Fund Types and Expendable Trust Funds
(continued from previous page)

For the Fiscal Year Ended September 30, 1989

(Amounts in Thousands)

Executive Office - Governor	3,786	
Legislature	12,577	
District Attorneys	13,129	
Payments for Defeased Bonds	83,905	
Indigent Defense	7,060	
Other General Government	19,590	
TOTAL GENERAL GOVERNMENT	**364,963**	**6.77%**
CAPITAL PROJECTS		
Ala Public School & College Authority	46,274	
Corrections Institution Finance Authority	18,896	
Mobile Harbor Naval Port	9,891	
Other	22,529	
TOTAL CAPITAL PROJECTS	**97,590**	**1.81%**
DEBT SERVICE		
Limited Obligation Bonds		
Public School & College Authority 1985A	25,025	
Pub School & Coll Auth 86 Cap Improve	26,668	
Pub School College Auth 85 Refunding	13,272	
Hwy Finance Auth 84 A & B Sinking Fund	96,556	
Hwy Finance Auth 1986 Refunding Bonds	3,822	
Indust Access Road & Bridge Auth 86	5,949	
Industrial Development Auth Sinking Fund	2,831	
Industrial Devel Auth Bond Proceed Fund	3,160	
86 Corrections & Institution Bonds	154	
1986 Corrections Rental Pymts Escrow	1,168	
Alabama Agricultural Markets	809	
Trade School & Junior College Auth	1,763	
Other	187	
Total Limited Obligation Bonds	181,364	
General Obligation Bonds		
Tombigbee Valley Development Authority	3,401	
Coosa Waterway GO Sinking Fund	1,015	
Port Authority Docks Facility	4,599	
68 Mental Health Bonds Sinking Fund	1,020	
State Parks Bond Sinking Fund	3,624	
89 GO Refunding Bonds Costs of Issuance	3,848	
1982 G O Bond Sinking Fund	18,311	
Bond Commission Sinking Fund	1,184	
Bond Comm Sinking Fund - 1980 Prisons	1,817	
1983 GO Refunding Bonds	38,148	
Total General Obligation Bonds	76,967	
Revenue Bonds		
Tennessee Valley Exhibit Commission	308	
TOTAL DEBT SERVICE	**258,639**	**4.80%**

DISTRIBUTIONS TO LOCAL GOVERNMENTS		
Distributions to Counties		
Gasoline Taxes	109,040	
ABC 2% Sales Tax	434	
Sales Tax	378	
ABC Profits	1,039	
Franchise Tax	5,452	
Financial Institutions Excise Tax	5,416	
Production Privilege Tax	11,571	
Motor Vehicle License	3,232	
Beer Tax	4,237	
Tennessee Valley Authority	44,389	
IRP Receipts	756	
Petroleum Inspection Fees	7,692	
Truck Tag	6,213	
Lodgings Tax	649	
US Forestry Reserve Payments	1,603	
Total Distributions to Counties	202,101	
Distributions to Cities		
Gasoline Taxes	12,394	
ABC 2% Sales Tax	1,302	
ABC Profit	2,377	
Financial Institutions Excise Tax	10,646	
Production Privilege Tax	793	
Motor Vehicle License	526	
IRP Receipts	1,105	
Petroleum Inspection Fees	1,531	
Total Distributions to Cities	30,674	
TOTAL DISTRIBUTIONS TO LOCAL GOVERNMENTS	**232,775**	**4.32%**
GRAND TOTAL EXPENDITURES	**5,388,663**	**100.00%**

BALANCES IN THE STATE TREASURY
All Fund Types

September 30, 1989 and September 30, 1988

	Sept 30, 1989	Sept 30, 1988
Balance in State Treasury	919,824,248.46	903,451,264.72
1. Funds available only as working capital, funds appropriated for building and lands and encumbered funds for bills payable:		
Ala Special Educ Trust Fund & Encumbrances	73,610,640.73	169,461,968.54
ABC Board Working Capital	12,656,567.76	13,180,526.41
Armory Commission Funds	1,710,441.07	1,540,811.20
Department of Corrections	9,828,968.90	24,530,251.23
Business Regulations Accounts	10,783,344.83	11,538,431.84
Conservation Funds	16,737,605.02	18,168,885.03
General Fund	35,467,312.20	45,180,336.83
General Fund Encumbrances	3,434,034.79	5,647,319.56
Highway Department Funds	129,808,169.82	149,434,754.17
Miscellaneous Working Funds	62,639,196.58	60,345,758.92
Pension Fund	152,380.50	3,773,772.94
Human Resources Fund	16,621,361.40	15,417,930.69
Public Safety Responsibility Fund	276,886.36	289,646.53
Public School & College Auth & Alloc	15,566,614.55	12,493,911.83
State Airports Development Fund	1,066,768.90	1,287,139.91
Trade School & Jr College & Alloc	19,426.89	458,317.73
TOTAL NO. 1	**390,379,720.30**	**532,749,763.36**
2. Funds in Treasury Belonging to Federal Gov't, Cities, Co.'s, and Associations:		
Federal (Ed, Health, Unemp, etc.)	42,524,987.58	44,383,232.23
Cities & Counties	53,705,664.89	43,446,452.40
Associations (Bar, CPAs, etc.)	3,969,552.71	3,932,601.70
TOTAL NO. 2	**100,200,205.18**	**91,762,286.33**
3. Funds in Treasury for Sinking Funds and Trust Accounts:		
Bond Reserves	13,918,395.11	14,723,997.62
Debt Service-Sinking Funds	4,704,057.75	1,549,463.77
Employees' Insurance Funds	19,526,400.23	38,284.11
Employees' Retirement Fund	4,171,186.91	3,858,488.34
Judicial Retirement Fund	69,657.41	86,068.89
Misc Improvement & Construction Bds	57,783,586.60	60,854,151.45
Misc: (Savings Bds, W/h taxes, etc.)	17,838,375.37	15,551,104.45
School Indemnity & 16th Sec Land	12,366,242.40	10,530,334.84
State Insurance Fund	255,819.07	48,740.28
Teachers' Retirement Fund	869,653.80	1,139,049.51
Naval Port Escrow - Mobile Harbor	22,830,691.53	30,632,834.40
TOTAL NO. 3	**154,334,066.18**	**139,012,517.66**

4. Funds in Treasury Relating to Heritage Trust Fund and Ala Trust Fund Accounts:

Heritage Trust Fund	12,689.15	144,942.30
Heritage Trust Income Account	0.00	2,955,401.83
Research & Development - Trust	212,837.96	12,437,456.72
Alabama Trust Fund	37,282,628.65	11,191,319.94
TOTAL NO. 4	**37,508,155.76**	**26,729,120.79**
COMPTROLLER'S BALANCE	682,422,147.42	790,253,688.14
OUTSTANDING WARRANTS	217,063,926.69	95,866,984.50
ITEMS NOT CERTIFIED	20,338,174.35	17,330,592.08
TREASURER'S BALANCE	**919,824,248.46**	**903,451,264.72**

INVESTMENT OF MISC. FUNDS NOT SHOWN IN TREASURER'S CASH BALANCE:

Alabama Highway Authority	101,780,375.00	205,757,005.00
Alabama Building Authority	3,181,289.83	3,210,000.00
Ala Building Finance Auth Reserve Fund	1,751,000.00	1,620,000.00
Employees' Retirement Fund-Investment	2,810,903,786.43	2,558,002,541.74
Revenue Sharing Trust Fund	26,500,000.00	26,500,000.00
School Indemnity Land Sale-Investment	992,000.00	992,000.00
Second Injury Trust Fund	900,000.00	1,030,000.00
16th Section Land Sale Fund-Investment	2,105,000.00	2,105,000.00
State Insurance Fund- Investment	22,485,192.42	40,760,516.18
Teachers' Retirement Fund-Investment	6,168,360,695.69	5,552,523,122.64
Trade School & Jr Coll Authority	980,000.00	965,000.00
Judicial Retirement Fund - Investments	138,985,953.95	129,910,573.70
Various Funds-Misc Short Term Investments	9,139,899.07	8,085,657.05
Employees' Insurance Board	12,453,370.73	20,929,012.56
Research & Development	11,770,000.00	15,494,010.93
General Liability Trust Account	16,653,172.45	12,965,000.00
Ala Public School & College Authority	210,125,126.33	298,868,262.85
Alabama Corrections Inst Finance Auth	9,820,000.00	32,100,000.00
Dept of Economic & Community Affairs	26,730,000.00	24,510,000.00
Ala Real Estate Commission Recovery Fund	862,112.50	865,000.00
State Industrial Development Authority	1,233,608.01	100,000.00
Industrial Access Road & Bridge	30,659,585.23	19,100,000.00
Public Educ Employees Health Insur Fund	25,108,984.16	51,083,926.27
Public Employee Individual Retirement	56,776,543.90	40,196,869.19
Clerks' & Registers' Supernumerary Retire	1,381,689.73	1,742,311.22
Dept of Industrial Relations	29,845,391.00	16,573,550.00
Dept of Aeronautics	6,267,968.73	6,095,000.00
ACHE Student Loan Program	4,500,000.00	3,435,000.00
Eminent Scholars Trust Fund	550,343.11	333,040.97
Tennessee Valley Exhibit Commission	3,215,000.00	3,165,000.00
Securities Held & Pledged By Treasurer	31,831,174.00	32,027,718.09
Mental Health	61,939,830.33	0.00
General Obligation Refunding - 1989 Series	121,061,383.06	0.00
Alabama Music Hall of Fame	2,236,163.90	0.00
TOTAL FUNDS INVESTED	**9,953,086,639.56**	**9,111,045,118.39**